



# ***Daily Report***

# **China**

FBIS-CHI-94-138  
Tuesday  
19 July 1994

# Daily Report

## China

FBIS-CHI-94-138

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General

**Jiang Zemin Receives Ethiopian, FYROM Envoys' Credentials**

*OW1807112594 Beijing XINHUA in English 1048  
GMT 18 Jul 94*

[Text] Beijing, July 18 (XINHUA)—Chinese President Jiang Zemin received here today credentials presented by two foreign ambassadors to China.

They are Macedonian [FYROM—Former Yugoslav Republic of Macedonia] first Ambassador in Beijing Vladimir Petkovski, and Ethiopian new Ambassador Mulatu Teshome Wirtu [name as received], who arrived here on June 12th and July 12th respectively.

**Li Lanqing Meets Delegates to UN Development Conference**

*OW1807135494 Beijing XINHUA in English 1317  
GMT 18 Jul 94*

[Text] Beijing, July 18 (XINHUA)—Chinese Vice-Premier Li Lanqing met here this evening with representatives of China and 11 other countries who are attending a symposium on social policies enacted during economic restructuring.

The four-day symposium is jointly sponsored by the United Nations Children's Fund (UNICEF) and the United Nations Department for Development Support and Management Services (UNDDSMS).

Li said: "Economic reform will produce important impacts on social development, children's health protection and women's involvement in social life. Therefore, this meeting is very important. We wish it full success."

James P. Grant, executive director of UNICEF, said this is the "highest level" of meeting for delegates of so many countries to discuss the topics of social policies during economic restructuring.

Today's meeting has enabled them to know something about China's experiences in economic reform and the impact of these experiences on the country's education, women and children as well as public health.

During the meeting, Mrs. Rizaeva [name as received], Turkmenistan deputy prime minister, on behalf of the participants, thanked the sponsors and China for holding the meeting.

Attending the meeting were Ji Chaozhu, deputy secretary-general of the United Nations, Chen Minzhang, minister of public health, and Liu Huaqiu, vice-minister of foreign affairs.

After the meeting, Li hosted a dinner in honor of the delegates.

**Li Peng Welcomes Foreign Investment in Nuclear Power**

*OW1807164194 Beijing XINHUA in English 1440  
GMT 18 Jul 94*

[Text] Beijing, July 18 (XINHUA)—The Daya Bay nuclear power station in Guangdong is a product of China's reform and open policy, and China will welcome more foreign companies to participate in the country's nuclear power construction, Premier Li Peng said here today.

The station has been supported by Deng Xiaoping, Jiang Zemin and other top leaders from the very beginning, he told a gathering of Chinese and foreign personalities, who were to attend a reception marking the operation of the Daya Bay nuclear power station.

Construction of the Daya Bay nuclear power station started in 1987 and its two 900,000-kw generating units went into commercial operation on February 1 and May 6 this year.

Li Peng expressed congratulations and thanks to all those who have participated in and supported the construction of the power station.

"Our cooperation with foreign partners is very good," he said, when looking back on the construction of the power station.

Advanced managerial experience was learned from foreign companies and useful experimentation with the modern enterprise system carried out in the course of the station's construction, he said.

The principle of "safety first, quality first" was carried out throughout the construction and should be continued to guarantee power supply for the economic development of Guangdong and Hong Kong, he said.

Premier Li Peng pointed out that as China is rich in coal and water resources, emphasis should be placed on the development of thermal- and hydro-power. However, he added, nuclear power should also be appropriately developed in the coastal areas and the Daya Bay station has provided some experience in this regard.

On the one hand, China must make full use of domestic funds and technologies, and on the other, it welcomes cooperation of foreign entrepreneurs and friends to advance the development of nuclear power in China's modernization drive, he said.

**Vice Premier Li Lanqing Meets ICC Delegation**

*OW1907102194 Beijing XINHUA in English 1007  
GMT 19 Jul 94*

[Text] Beijing, July 19 (XINHUA)—Chinese Vice-Premier Li Lanqing met with a delegation from the International Chamber of Commerce (ICC) here today.

The delegation, headed by Rahmi Koc, ICC vice-president, has come here to attend the 4th Session of the ICC-China International Chamber of Commerce Cooperation Committee, which was held here today.

### Trade Ministry Issues Details of Textiles Accord With EU

*HK1807132294 Beijing ZHONGGUO XINWEN SHE in English 1122 GMT 18 Jul 94*

[Text] Beijing, 18 Jul (ZHONGGUO XINWEN SHE)—China and the European Community (EC) held consultation here on implementation of a bilateral agreement on textiles. An agreement was reached on quota set for China's three export items to Europe which are the 28th category of item to cover knitted trousers, the 68th category to cover baby clothing and the 97th category to cover fishing nets. The Ministry of Foreign Trade and Economic Cooperation made public a circular concerning this agreement.

The circular said that the annual quota set for the three new export items effective in 1994 involved 53 million pieces for the 28th category of item with an annual growth of 3 percent, 15,000 tonnes for the 68th category with an annual gain of 3.5 percent and 1,600 tonnes for the 97th category with an annual rise of 3.5 percent.

As the European side put forward the quota a little bit late, the actual quota for this year will be 40,948 million pieces for the 28th category, 11,589 tonnes for the 68th category and 1,433 tonnes for the 97th category which are calculated based on the date when the quota comes into force.

Member states of EC required the Chinese side to produce an export permit for its export of the above-mentioned items shipped from the date starting March 25. Export enterprises which are going to export such items to EC nations have to apply for a permit for export of textiles and certificate of origin for textiles. Shipping of such items which took place before March 25 has to be subject to application for such documents following the shipment. Customs in EC nations have to check the imported items in accordance with those documents.

The ministry will soon allocate a specific amount of the three items to export enterprises according to their business performance in 1993. Export enterprises, which are going to ship the items before they were informed of a certain allocated amount given to them, have to report the shipment to the ministry by means of local foreign trade department. A permit will be issued by the ministry following necessary procedure to give green light to the shipment. Such export will be deducted from the allocated amount assigned to these enterprises.

As for those enterprises which showed sound business performance in 1993 and exported the above-mentioned items based on certificate of origin issued by other department concerned, but without proper shipment

certificate or no declaration to the authorities, the circular stated that local foreign trade departments had to produce the ministry's other valid documents including an export certificate, a copy of bill of lading for shipment and a certificate for declaration at Customs. The ministry will take these cases into consideration and decide whether such enterprises are included in the allocation plan.

### UNDP-Funded Disaster Reduction Planning Project Signed

*OW1807143994 Beijing XINHUA in English 1313 GMT 18 Jul 94*

[Text] Beijing, July 18 (XINHUA)—The United Nations Development Program (UNDP) and the Chinese Government signed a document worth 750,000 U.S. dollars on China's first national disaster reduction planning project here today.

Speaking at the signing ceremony, UNDP resident representative Arthur Holcombe said that by integrating disaster reduction planning into China's sustainable development, the project aims to minimize economic, social, and environmental losses caused by natural disasters.

According to the document, UNDP will provide 250,000 U.S. dollars and the Chinese Government will offer about 4.57 million yuan (about 500,000 U.S. dollars) to fund the project.

A national disaster reduction plan will soon be generated to provide a coherent national mitigation strategy through the year 2000, which will become part of the country's ninth five-year plan (1996-2000) for economic and social development, the UNDP official said.

Jiang Li, an official from the China National Committee for the International Decade for Natural Disaster Reduction (IDNDR), said the plan includes construction of disaster reduction projects and projects to beef up the country's disaster prediction and control capacity.

A high-level national disaster planning committee will soon be set up, which will be headed by Minister of Civil Affairs Doje Cering and Vice-Minister of the State Planning Commission Ye Qing, Jiang said.

She said that the plan is expected to be completed within one year.

Arthur Holcombe, Jiang Li and Zhang Guanghui, director general of the China International Center for Economic and Technical Exchanges, signed the project document.

China suffers great losses resulting from natural disasters and in 1989, it set up its IDNDR National Committee, which is composed of 23 ministries and state commissions and five other organizations.

**World Symposium Discusses Policies During Economic Reforms**

*OW1807164294 Beijing XINHUA in English 1315 GMT 18 Jul 94*

[Text] Beijing, July 18 (XINHUA)—Representatives of China and 11 other countries gathered here today to discuss social policies during the period of economic reforms.

The four-day symposium is jointly sponsored by the United Nations Children's Fund (UNICEF) and the United Nations Department for Development Support and Management Services.

The aim of the symposium is to "promote the development of effective social and economic policies and institutional reforms for the welfare and well-being of children," said Farid Rahman, UNICEF area representative for China and Mongolia.

James P. Grant, executive director of UNICEF, described the meeting as "unprecedented", adding: "The meeting should give us an opportunity to examine the great diversity of experiences and approaches to economic transition."

The delegates can also talk about "the welfare impact of the policy approaches adopted in various countries in economic transition," he added.

Chen Minzhang, minister of public health, said that in the process of shifting the traditional planned economy to the socialist market economy, it is of major and realistic significance to discuss policies on health protection during the economic restructuring.

He said that China's total health expenses account for only one percent of the world's total health resources. But he added that medical health problems have been basically solved in this country of 1.1 billion, accounting for 22 percent of the world's total population.

It is commendable that the lower expenses have resulted in fruitful achievements, he said.

Chen said China also has adopted a series of corresponding policies in facing various kinds of contradictions and challenges brought about from China's economic restructuring and drawn up plans for health during the new period.

These have clearly stipulated that by the end of the century, all urban and rural residents will enjoy medical health services. Comparing 2000 with 1990, the death rates for children below five years old and infants will both decrease by 30 percent. The average life expectancy for residents will rise to 71.

**U.S. Secretary Perry Backs Modernization of Romanian Army**

*OW1907044094 Beijing XINHUA in English 0407 GMT 19 Jul 94*

[Text] Bucharest, July 18 (XINHUA)—Visiting U.S. Defense Secretary William Perry said today that the U.S. will support Romania's armed forces in realizing modernization, help them train personnel and hold joint military drills and exercises with them.

Perry, who arrived here Sunday [17 July] on a two-day visit to the country, made this remark at a joint press conference held with his Romanian counterpart Gheorghe Tinca.

Perry said that Romania should strengthen bilateral cooperation with countries in Central and Eastern Europe and within the partnership for peace program, especially in ensuring regional stability and security.

Speaking of the Bosnian crisis, Perry stressed that the U.S. hopes that the crisis will be solved peacefully, but he did not make comments on possible U.S. military involvement.

Tinca said that Romania and the U.S. have worked out measures to promote military cooperation within the partnership for peace program and on a bilateral basis between the armed forces of the two countries.

Perry ended his visit late today and left Romania to continue his European tour.

**Bulgaria Signs Military Accord With U.S.**

*OW1907032994 Beijing XINHUA in English 0307 GMT 19 Jul 94*

[Text] Sofia, July 18 (XINHUA)—A legal basis for military relations between Bulgaria and the United States was established today with the signing of a memorandum by the two country's defense chiefs.

Bulgarian Minister of National Defense V. Aleksandrov and U.S. Secretary of Defense William Perry, on the second leg of a Balkan tour, met here today and declared that the two nations intend to strengthen cooperation within the framework of the "Partnership for Peace" program, reports from the Bulgarian Telegraph Agency (BTA) said.

The cooperation pact also includes military training exercises, naval exchange visits and a series of two-way visits by military personnel and top brass.

The Bulgarian minister said that the two had also settled in principle on the level of military equipment which would be provided by America to enable Bulgaria to take part in United Nations peace-keeping activities.

Perry stressed, however, that America would supply medical-care facilities, machinery and other support equipment but no weapons.

**United States & Canada****Zou Jiahua Receives Amoco Chairman**

*OW1807111094 Beijing XINHUA in English 1050  
GMT 18 Jul 94*

[Text] Beijing, July 18 (XINHUA)—Chinese Vice-Premier Zou Jiahua met here today with Harry Laurance Fuller, chairman of the Amoco oil company of the United States.

After the meeting, Zou participated a signing ceremony of a memorandum between Amoco and the Chinese State Planning Commission on long-term cooperation.

Fuller and his party arrived here at the invitation of the Chinese State Planning Commission.

**'Commentary' Views CBS Report on Chinese Americans**

*OW1907042494 Beijing XINHUA in English 0414  
GMT 19 Jul 94*

[“Commentary” by Ying Qian: “Anti-Chinese Agitation by CBS Network”]

[Text] Washington, July 19 (XINHUA)—The Columbia Broadcasting System (CBS) in a recent report portrayed Chinese Americans as an ethnic group filled with spies. This groundless and irresponsible accusation prompted a serious representation made by the Chinese Embassy here and triggered off angry protests among the Chinese community in this country.

CBS evening news alleged in a sensational report on the so-called “biggest spy network in America” that it had found out in a “special investigation” how China “is grooming agents to keep an eye on America.”

Drawing inferences from guesswork, CBS said, “Every day, planeloads of Chinese citizens arrive legally in the United States as ordinary people. But to the Chinese Government some of them may be future spies, who a few years down the road will be activated to steal America’s military and technological secrets, whether they want to or not.”

According to the CBS imagination, after they enter the United States, these “future spies,” including Chinese students, scientists and businessmen, are told “to lay low for years just like fish at the bottom of the ocean until they are contacted.” The report described “Chinese espionage” as being all-pervasive and blamed most American companies for being “too naive” about this threat. It concluded by advising these companies to seek help from the FBI.

It is inconceivable why CBS should concoct such a fantastic fairy tale. As is known to all, the Chinese

community in this country has produced many outstanding scientists and scholars who have made remarkable contributions, first and foremost, to the development of the United States, and no one has ever heard that any of them have turned out to be “Chinese spies.”

With the growth of Sino-U.S. relations, the past few years has seen a large increase in the exchange of personnel from various fields. Chinese students, visiting Chinese scientists, artists and scholars all have done much to promote friendship and mutual understanding between the two peoples. These are facts that even CBS can in no way deny.

Therefore, the network resorted to lies such as a “future spies” threat to sow distrust and hostility between Americans and those of Chinese origin and fan discrimination against an ethnic group.

Some Chinese American organizations have pointed out that the CBS report “has seriously distorted the image of the Chinese Americans, instigated the American public to suspicions and misgivings against any individual of the Chinese community, and disrupted their careers, family life and children’s future.”

The CBS assertions about “Chinese espionage” run entirely contrary to the principles of “truth, objectiveness and fairness” on which honest journalism is based. If this can be justified as a practice of the American-style “freedom of the press,” then it only serves to show: CBS is “free” to sling mud at the two-million-strong Chinese Americans, while the latter enjoy little “freedom” to defend themselves.

Seeing this absurdity, one can hardly refrain from asking: Where are the human rights much talked about in the United States?

By the way, it should be pointed out that the CBS report was broadcast at a time when the Clinton administration was within days to decide on whether to extend most-favored-nation treatment for China without conditions.

Some people in U.S. media circles, bent on trying to deprive China of MFN, a reciprocal and mutually beneficial trade status, did everything possible to fan anti-Chinese hysteria.

A case in point was the publication of a book titled “Chinese Intelligence Operations” written by Nick Eftimiades. It was this same Eftimiades who also appeared in the CBS news program on Chinese espionage.

These related facts may help people to see clearly that the CBS espionage story was premediated to defame China and Chinese Americans.

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## INTERNATIONAL AFFAIRS

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**Sino-U.S. Product Liability Seminars Open in Beijing**

*OW1807164394 Beijing XINHUA in English 1406  
GMT 18 Jul 94*

[Text] Beijing, July 18 (XINHUA)—The China State Bureau of Technical Supervision and the American International Group are jointly sponsoring 12-day seminars on the subject of product liability in four Chinese cities.

The seminars opened here this morning, and then will travel to Dalian, Shanghai and Guangzhou respectively.

Maurice R. Greenberg, chairman and chief executive officer of the American International Group, Inc. and chairman of the U.S.-China Business Council, sent a telegram of congratulations on the opening of the seminars, which are being held in response to his personal proposal.

The purpose of the seminars is to provide professional presentations by American entrepreneurs on product liability related to the legal environment and product safety and quality, as well as insurance for product liability.

Li Chuanqing, director of the China State Bureau of Technical Supervision, said that with the expansion of China's reform and opening to the outside world, product liability will surely be an important component of civil lawsuits.

Product liability and compensation as well as liability insurance will become actual problems confronting entrepreneurs.

He said that the American International Group is versed in laws on product liability which will play a positive role in promoting the building of China's market economy and the expansion of its foreign trade.

**Shanghai Company Purchases U.S. Apples**

*OW1807163694 Beijing XINHUA in English 1501  
GMT 18 Jul 94*

[Text] Shanghai, July 18 (XINHUA)—Orchard owners of Washington, the United States, have realized their dream to enter China's fruit market.

Shanghai Ye Da Chang Company, the first Chinese buyer of U.S. apples, purchased 450 boxes of apples, totaling eight tons, from the Washington Apple Commission.

This resulted from an agreement reached last December between China and the United States, on permitting the import of U.S. fruit and vegetables.

At a ceremony held here today by the Washington Apple Commission, commission representative Thomas Mathison said that the opening of the Chinese market

made the dream of the U.S. apple growers come true. Also, he voiced the conviction that the prospect of the Chinese market is broad.

**Column Views U.S. 'Sanctions Diplomacy'**

*HK1807135994 Beijing RENMIN RIBAO in Chinese  
15 Jul 94 p 6*

[“International Forum” column article by Xu Shiquan (6079 0013 6898): “Trivial Talk on ‘Sanctions Diplomacy’”]

[Text] In recent years, more and more sanctions resolutions have been adopted by the UN Security Council, such as those on Bosnia-Herzegovina, Libya, and Haiti. Most of these resolutions were proposed by the U.S. delegation. Not long ago, in order to seek UN Security Council member countries' support on the issue of adopting “sanctions” against Haiti and the DPRK, Madam Albright, U.S. permanent representative to the United Nations, repeatedly proposed drafts and was busy lobbying others overtly and covertly. A few days ago, THE NEW YORK TIMES published an article analyzing this phenomenon and considered that economic sanctions have become the U.S. Government's “main weapon” in diplomatic showdowns, even though this weapon is not so effective.

U.S. Government figures keen on this method were quoted in the article as saying that “sanctions diplomacy” has two merits: First, the U.S. Government is faced with internal pressure which calls for action in a number of diplomatic fields, but the U.S. public cannot bear any casualties such as those suffered in Somalia. Hence, sanctions have become an “ideal choice” which “is stronger than words but will not result in the use of force” and cause “pain” among its people; and second, applying sanctions against a certain country through the United Nations can also demonstrate that the United States is still playing a “leading role” in the world, thus building up a “powerful” image inside and outside the country.

However, conclusions on the issue of sanctions reached by experts after analyzing a host of facts cannot furnish these officials' arguments with a convincing foundation. According to the statistics, only 25 percent of the sanctions applied since 1973 have fulfilled their aims. A recent case in point is that sanctions cannot effectively put an end to the war in Bosnia-Herzegovina. It is even sadder to learn that many sanctions often have the following outcome: Those who should be punished are safe and sound, whereas those who should not be punished suffer from the sanctions. A current example is the sanctions against Haiti. All the Haitian refugees risking their lives at sea because of livelihood difficulties are poverty-stricken civilians. Moreover, the United States has fallen into a passive position and changed its policies on the refugee issue several times. Not long ago, it announced that those refugees would not be accepted, thus forcing them into an even more difficult situation.

Some people in favor of "sanctions diplomacy" cite the sanctions against the old racist South Africa as a case to justify their argument. As a matter of fact, it was justice upheld by the international community rather than sanctions that prompted South Africa to abandon the system of racial segregation. In particular, it is an achievement scored by the South African people's long-term struggle, including bloody struggle. Sanctions against the old South Africa were entirely the outcome of its implementation of the system of racial segregation, which alienated it from the international community. It cannot be compared with "sanctions diplomacy."

At present, there is no sign that the United States has become less "zealous" in pursuing "sanctions diplomacy" in the United Nations. However, what people within the UN building can also observe is that this practice, which adopts sanctions as diplomacy to fulfill a number of goals at one stroke, is not only receiving less and less support from the international community, but has also aroused much debate in the United States.

#### **Canadian Company Joint Venture Agreement With Shanghai**

*OW1907163894 Beijing XINHUA in English 1509  
GMT 18 Jul 94*

[Text] Shanghai, July 18 (XINHUA)—Northern Telecom from Canada signed an agreement here today to set up Shanghai Northern Telecom Semiconductor Co., Ltd., in cooperation with Chinese companies.

The joint venture is part of a Northern Telecom program to develop large-scale electronic circuits in cooperation with China, the draft of which was signed during Chinese Vice-Premier Zou Jiahua's visit to Canada in April this year.

The joint venture will involve an investment of 10 million U.S. dollars, 70 percent of which will come from Northern Telecom.

Under the agreement, Northern Telecom will provide advanced technologies of sub-micron semiconductor design.

The joint venture will go into operation this fall and aims at a sales volume of 60 million U.S. dollars in five years.

#### **Canadian Foreign Minister To Visit 28-31 Jul**

*OW1907110494 Beijing XINHUA in English 0909  
GMT 19 Jul 94*

[Text] Beijing, July 19 (XINHUA)—Andre Ouellet, Canadian Minister of Foreign Affairs, will visit China from July 28 to 31 at the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen.

A Chinese Foreign Ministry spokesman made the announcement here today.

#### **Northeast Asia**

##### **Deng, Others Condole on Death of Kim Il-song**

*OW1907045294 Beijing XINHUA in English 0417  
GMT 19 Jul 94*

[Text] Beijing, July 19 (XINHUA)—China has arranged a series of memorial functions for the Chinese party, government and people to express their deep condolences and cherish the memory of late President of the Democratic People's Republic of Korea Kim Il-song since his passing away on July 8, a Chinese Foreign Ministry spokesman said here today.

The spokesman made the remarks when answering a question raised by some correspondents on the activities in China mourning over Kim Il-song.

He said that Deng Xiaoping and Chinese party and government leaders Jiang Zemin, Li Peng and Qiao Shi have respectively sent messages of condolences and laid wreaths at the DPRK's embassy in China.

Deng Xiaoping and Jiang Zemin have specially had wreaths placed at the Kumsusan Assembly Hall in Pyongyang where President Kim's remains lie in state, the spokesman added.

He continued that over the past week, major Chinese leaders Jiang Zemin, Li Peng, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huqing and Hu Jintao went to the DPRK's Embassy successively to express their condolences.

Everyday, leaders, cadres and masses from the departments of the party, government and military organs as well as the various mass organizations, and former leaders of the Chinese People's Volunteers and some of the veterans went to the DPRK's Embassy to pay last respects to the late president, the spokesman noted.

In Shenyang and Guangzhou, provincial and city ranking leaders and people also went to the DPRK's consulates-general and its other permanent agencies to pay their condolences, he said.

The spokesman said that on July 20, when the memorial service for President Kim Il-song is to be held in DPRK, the Chinese flags in Xinhuaamen, the Great Hall of the People, Tiananmen and the Foreign Ministry in Beijing will fly at half-mast to mourn the dead. The entire country's radio and television stations will stop broadcasting purely entertaining programs.

##### **Spokesman on Mourning Activities for Kim Il-song's Death**

*OW1907041094 Beijing Central People's Radio Network in Mandarin 0300 GMT 19 Jul 94*

[From the "News" program]

[Text] A Foreign Ministry spokesman has answered [time not mentioned] reporters' questions on what kind

of mourning activities have been held in China following the passing away of the DPRK's President Kim Il-song.

The spokesman said: On 8 July, following the passing away of President Kim Il-song of the DPRK, the Chinese side has made arrangements for a series of mourning activities to express heartfelt condolences for the passing away of President Kim Il-song and cherish the memory of him by the party, government and people of China.

Comrades Deng Xiaoping and Chinese party and government leaders including Jiang Zemin, Li Peng and Qiao Shi sent condolence messages respectively and sent wreaths to the Embassy of the DPRK. Comrades Deng Xiaoping and Jiang Zemin also especially sent wreaths to the Kumsusan Assembly Hall in Pyongyang, Korea, where the remains of President Kim Il-song was laid in state.

Over the past week, China's principal leaders including Jiang Zemin, Li Peng, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huqing and Hu Jintao went to the Embassy of the DPRK to pay their condolence calls. The principal leading members of various departments of China's party, government and military organizations and various mass organizations; cadres and people; former leaders of the Chinese People's Volunteers; and some veteran fighters in Beijing have gone to the DPRK Embassy to express their condolences in an endless stream.

Principal leaders and some people in Shenyang, Guangzhou, and other related provinces and cities have also gone to the consulates general and permanent offices of the DPRK to express their condolences.

On 20 July, the day of the memorial meeting for President Kim Il-song in the DPRK, flags will fly at half-mast at Zhonghuamen, the Great Hall of the People, Tiananmen and the Ministry of Foreign Affairs in Beijing to express mourning, and radio and TV stations throughout the country will stop broadcasting programs of a purely recreational nature.

#### Korean People Pay Last Respects to Kim Il-song

OW1907054294 Beijing XINHUA in English 0520  
GMT 19 Jul 94

[Text] Pyongyang, July 19 (XINHUA)—The Government of the Democratic People's Republic of Korea (DPRK) held a grand ceremony here today to let the people of Pyongyang pay their last respects to President Kim Il-song.

Kim, general secretary of the Workers' Party of Korea and president of the DPRK, died on July 8 at the age of 82.

Pyongyang was in deep grief today and more than 1 million people from all walks of life lined up on both sides of the main streets of the city, waiting to see Kim for the last time.

Starting from the Kumsusan Assembly Hall at 9:00 A.M. (local time), the car carrying Kim's bier, which was followed by over 100 cars carrying all members of the State Funeral Committee including party and government leaders, moved slowly on the main streets of the capital, covering a distance of over 40 kilometers.

The people, old and young, wept bitterly while seeing Kim's bier passing by.

All the members of the diplomatic corps in Pyongyang also attended today's ceremony, which ended late this morning after the car carrying Kim's bier and the motorcade returned to the Kumsusan Assembly Hall.

The ceremony was part of the state mourning over the death of Kim Il-song as announced by the State Funeral Committee.

A mass memorial ceremony for President Kim Il-song will be held in Pyongyang on Wednesday [20 July].

#### Southeast Asia & Pacific

##### Cambodia's Hun Sen Seeks Help in Rebuilding Power Industry

OW1807104394 Beijing XINHUA Domestic Service in Chinese 1024 GMT 12 Jul 94

[By reporter Xing Heping (6717 0735 1627)]

[Text] Phnom Penh, 12 Jul (XINHUA)—While meeting with a delegation of the Shanghai Electrical Machinery (Group) Corporation here today, Hun Sen, second prime minister of the Kingdom of Cambodia, said that Cambodia welcomes Chinese companies to help restore and develop Cambodia's power industry.

Hun Sen said that developing the power industry is a pressing task for Cambodia in its reconstruction efforts. The power shortage affects the development of industry, agriculture, and tourism. He added that although China's labor costs are relatively low, its technology is not inferior to that of Western countries. Chinese companies have high hopes of winning international tenders in Cambodia. Hun Sen expressed the hope that more Chinese companies will take part in international tenders in Cambodia and help Cambodia rebuild its economy.

Mi Qiyan, head of the Shanghai Electrical Machinery (Group) Corporation delegation, said he realized very greatly the seriousness of the power shortages in Cambodia during his stay in Cambodia over the last several days. He said that his company would send a technological inspection team to Cambodia to survey the power supply conditions in various provinces within a month. He said that his company is willing to contribute to the reconstruction of Cambodia, particularly the restoration and development of the power industry.

The five-member delegation of the Shanghai Electrical Machinery (Group) Corporation arrived here on 6 July to inspect Cambodia's power industry. They will take part in the bidding for the construction of the "diesel power generation plant in the Phnom Penh area."

### Foreign Ministry Warns SRV Over Drilling Near Spratlys

*HK1907054294 Hong Kong AFP in English 0527 GMT 19 Jul 94*

[Text] Beijing, July 19 (AFP)—Beijing warned Hanoi Tuesday [19 July] it would pay the consequences for oil drilling activities near the disputed Spratly Islands, calling them a grave encroachment on China's sovereignty. "Vietnam's drilling activities in this area have gravely encroached upon China's sovereignty and maritime interests," a foreign ministry spokesman said when asked about work on a Vietnamese oil rig in the Wan An reef block, west of the Spratly chain in the South China Sea.

"The Chinese government has demanded that the Vietnamese side stop the drilling activities immediately and the Vietnamese side shall be held responsible for the ensuing consequences," the spokesman said. However, he denied reports the ministry had confirmed in a statement Monday that two Chinese ships were stopping the Vietnamese drilling activities.

Beijing awarded US Crestone Energy Corp. a concession in 1992 to explore in a 25,155 square kilometre (10,062 square mile) area of the South China Sea covering the Wan An reef, promising naval protection for the US firm's activities in the area. The contract, the largest area ever agreed in Southeast Asia, has escalated tensions between China and Vietnam over sovereignty of the Spratlys, which are also claimed wholly or in part by Brunei, Malaysia, the Philippines and Taiwan.

The block, off southern Vietnam, lies several hundred kilometres (miles) from China and is just east of a prospecting concession awarded by Hanoi to a consortium led by US firm Mobil.

Beijing and Hanoi have each condemned the other's deal as "illegal." China complained last month that Vietnamese harassment of Chinese surveying operations in the area had placed its contract with Crestone in "serious jeopardy."

The escalation of the dispute comes despite repeated pledges from both sides to settle their differences over the Spratly and Paracel island chains through negotiation and avoid a repetition of their brief naval clash in 1988.

### Near East & South Asia

#### Israel-Jordan-U.S. Tripartite Talks Viewed

*OW1507111794 Beijing XINHUA in English 1005 GMT 15 Jul 94*

[Text] Jerusalem, July 15 (XINHUA)—An Israeli team is leaving for Jordan today to coordinate a U.S.-Israel-Jordanian high-level meeting slated for Wednesday on the Jordanian side of the Dead Sea.

Due to participate in the trilateral talks are Jordanian Premier and Foreign Minister 'Abd-al-Salam al-Majali, Israeli Foreign Minister Shim'on Peres and U.S. Secretary of State Warren Christopher, who will embark on a new round of Middle East shuttle diplomacy at the weekend.

The three foreign ministers' meeting will be preceded by bilateral talks between Jordan and Israel at Ein Evrona, 17 kilometers north of Aqaba, on Monday.

Israeli and Jordanian officials started technical talks Wednesday at the Arava border site of Ein Evrona, in advance of the next week's two scheduled meetings.

A special mobile telecommunications center at Ein Evrona is being set up to accommodate diplomats and journalists and provide telephone links. Facilities will also be available for live radio and TV broadcasts of the one-day desert gathering.

The Jordanian-Israeli talks, first to be held away from Washington, are not expected to be a plain sailing, especially on the issue of territorial disputes.

A session scheduled for Thursday was unexpectedly canceled by the Jordanian side. The spokesman for Jordan's peace delegation, Marwan Muasher, said the differences were on the timing and sites of future talks but he expected these to be resolved by Monday.

"There is no crisis that will delay the talks from beginning on July 18," Muasher told reporters after returning to Amman from Wednesday's preparatory meeting. "We hope everything will be solved by Monday."

Israeli Foreign Ministry Director-General Uri Savir downplayed the cancellation and said the two sides will continue their joint preparatory work Sunday as scheduled.

However, political sources in Jerusalem believe the negotiations with the Jordanians on the border issues will not be easy.

The sources said yesterday Jordan has exaggerated expectations about the possibility of achieving an immediate, far-reaching agreement on border disputes with Israel.

Topography experts who specialize in border demarcation said the border during the British mandate was

never marked in the field, but only on a map, which leaves it open for interpretation.

Foreign Ministry sources said the statements in the Jordanian media that Israel has agreed to relinquish all the Jordan-claimed territory are baseless.

The sources claimed an examination of the mandatory border shows that there are areas east of the Jordan which, according to the map in question, should be within Israeli territory.

Sunday's talks will be held at a desert outpost along the cease-fire line some 13 kilometers north of Aqaba.

### Bangladesh To Donate Money for Flood Victims

OW1807183194 Beijing XINHUA in English 1729  
GMT 18 Jul 94

[Text] Dhaka, July 18 (XINHUA)—The Government of Bangladesh has decided to donate 100,000 U.S. dollars as relief for the victims of the recent devastating floods in China, an official handout says today.

The donation would be given as a token a friendship and special consideration, the handout says.

In the past few days, Bangladeshi leaders including President Abdur Rahman Biswas and Prime Minister Khaleda Ziaur have sent message of sympathy to millions of Chinese people affected by the floods, according to the handout.

In their message, the handout says, the Bangladeshi leaders also recalled the support and sympathy shown by China during natural disasters in Bangladesh.

### Foreign Minister Qian Qichen Visits India

#### Urge Solving 'Differences'

OW1807133994 Beijing XINHUA in English 1315  
GMT 18 Jul 94

[Text] New Delhi, July 18 (XINHUA)—Chinese Vice-Premier Qian Qichen said, "Strengthening of cooperation between China and India would help the two countries solve their existing differences step by step."

Qian, who is also foreign minister, was speaking at an official talk with Indian Commercial Minister Pranab Mukherjee here today.

He said the two countries have a common target to solve the existing differences between them.

Qian stressed that to "maintain peace and tranquillity along the border areas between the two countries" is in the interests of both countries.

Mukherjee said further strengthening of the relations between the two countries "was not only in the interest

of the economic development, but also in the interest of promoting the regional as well as the international stability."

He said the exchange of visits of the Indian and Chinese leaders in recent years had created a good atmosphere for both to thrash out their problems.

### Qian Discusses Sino-Indian Ties

OW1807180594 Beijing XINHUA in English 1733  
GMT 18 Jul 94

[Text] New Delhi, July 18 (XINHUA)—Visiting Chinese Vice-Premier and Foreign Minister Qian Qichen said today that the establishment of friendly relations between China and India not only conforms to the fundamental interests of the two peoples, but also be helpful to peace and stability in the region.

At a press conference here, Qian said that in the past few years, the Sino-Indian relations have improved and developed and both sides are satisfied with it. At the same time, the two countries have expressed their desire to further enhance exchange and cooperation between the two countries.

Referring to China's South Asia policy, Qian said that China hopes to establish good neighborly relations with all the countries in South Asia. The Kashmir issue is left over by history. India and Pakistan, two neighbor countries, should solve their disputes through peaceful negotiations and consultations. China wishes to see the two countries improve their relations.

On the Sino-Indian border issue, Qian said that the two countries have made some agreements on it. Last year when Prime Minister Rao visited China, the two sides signed an agreement on maintaining peace and tranquillity along the actual control line of the borders. Since then, a diplomat and military group has been set up to seek ways and means to put the agreement into force. Real results will be seen soon.

### Meets Indian Premier

OW1807180194 Beijing XINHUA in English 1732  
GMT 18 Jul 94

[Text] New Delhi, July 18 (XINHUA)—Indian Prime Minister Narasimha Rao met with visiting Chinese Vice-Premier and Foreign Minister Qian Qichen here this afternoon and had an indepth exchange of views on bilateral relations, as well as regional and international situation of mutual concern.

In the meeting, Qian said that the end of the Cold War has brought about a new change in the international arena. China and India should establish a new cooperation relation. The two countries are pursuing reforms for the economic development, this has provided a good chance to push forward the existing friendly relations to a new level.

Rao said that there are many similarities between the two countries. With the joint efforts, many things could be done. In recent years, Sino-Indian relations have made big improvement and development. This trend should be maintained. As far as the economic development, the two countries could learn from each other. The two countries should enhance exchange and cooperation.

Referring to the Sino-Indian border issue, Qian said that China and India have reached some agreements on the issue. Rao visited China last year and both sides signed an agreement to maintain peace and tranquillity along the actual control line of the borders. This is a breakthrough. The Sino-Indian border areas should become a place of friendly exchange of the people and mutual trade. Rao expressed his satisfaction over the recent development of the border issue.

In the meeting, Rao reiterated India's stand on Tibet: Tibet is an autonomous region, India has never given it an independent status. As the content of the autonomous, it is China's internal affairs, India would not interfere with it.

### **Qian Meets President**

*OW1907014694 Beijing XINHUA Domestic Service in Chinese 1246 GMT 18 Jul 94*

[Text] New Delhi, 18 Jul (XINHUA)—Visiting Chinese Vice Premier and Foreign Minister Qian Qichen this afternoon called on Indian President Shankar Dayal Sharma. The two sides exchanged views on relations between the two countries and regional and international issues of common concern.

President Sharma warmly welcomed Qian Qichen's visit and once again extended his invitation to President Jiang Zemin to visit India. Qian Qichen conveyed President Jiang Zemin's regards to President Sharma.

President Sharma happily recalled the course of the development of friendly relations between the two countries and said: "India and China have several thousand years of relations of cooperation in cultural and commercial fields. In recent years, mutual visits by government officials have further strengthened relations between the two countries and this is very important to the interests of the two countries." He held that the two countries now should establish a new relationship of cooperation and hoped that such cooperation would be further expanded. He said: In addition to developing bilateral relations, the two countries can strengthen their economic and technological cooperation in a third country.

Qian Qichen said: Last year, Indian Prime Minister Rao's visit to China and Chinese People's Political Consultative Conference National Committee Chairman Li Ruihuan's visit to India both achieved successful results. He said: "The two countries have constantly expanded exchanges and cooperation in the fields of economic affairs, trade, science and technology, culture, and education over the past two years. The two

countries have constantly strengthened their cooperation in international affairs and have further deepened mutual understanding and friendship."

Qian Qichen also stressed that this year marks the 40th anniversary of the Five Principles of Peaceful Coexistence initiated jointly by leaders of the two countries. The two countries should continue to follow these principles to establish a sustained and stable relationship of cooperation. This will "not only benefit the two countries but also be conducive to promoting stability in this region." He also said: "The purpose of my current visit is precisely to deepen relations between the two countries on the basis of the Five Principles of Peaceful Coexistence and further develop this relationship to a new and higher level."

### **Qian Meets Commerce Minister**

*OW1907102394 Beijing Central People's Radio Network in Mandarin 1700 GMT 18 Jul 94*

[From the "International News" program]

[Text] Qian Qichen, vice premier and minister of foreign affairs, who is currently on a visit to India, met with Indian Commerce Minister Mukherjee in New Delhi on the morning of 18 July. Qian Qichen gave positive appraisals to Sino-Indian friendly relations in various spheres. He said: The Chinese Government attaches importance to relations with India and hopes to raise Sino-Indian friendly and cooperative relations to a new level through the joint efforts of the two sides. Qian Qichen pointed out: China and India have a common goal in strengthening friendly and cooperative relations as well as in solving differences gradually. The two sides are willing to maintain peace and stability in border regions.

During the meeting, Mukherjee pointed out: Strengthening Indian-Chinese relations is not only favorable to the development of economic relations between the two countries but is also favorable to promoting regional and global stability. He expressed his belief that problems between the two countries would be solved satisfactorily.

Qian Qichen and Mukherjee unanimously expressed their belief that there is very great potential for economic and trade cooperation between the two sides which should be further developed.

On the same morning, Vice Premier Qian Qichen also met with Bhatia, Indian minister of state for external affairs.

### **Holds New Delhi News Conference**

*OW1907101694 Beijing XINHUA Domestic Service in Chinese 0407 GMT 19 Jul 94*

[By reporter Li Jiasheng (2621 1367 5116)]

[Text] New Delhi, 18 Jul (XINHUA)—The visiting Qian Qichen, Chinese vice premier and foreign minister, held

a news conference here this evening. During the conference, he discussed the results of his visit to India, the prospects for Sino-Indian relations, and China's policies toward South Asian nations, and answered reporters' questions.

He said that he paid courtesy calls on India's president and prime minister today and had a thorough exchange of views with India's commerce and finance ministers on the development of Sino-Indian relations and the regional and international situation. The two sides were satisfied with the development of bilateral relations and said that a further step would be taken to promote bilateral exchanges and cooperation. During the visit, he and the Indian finance minister signed an agreement on the avoidance of double taxation.

As for the prospects for Sino-Indian relations, Qian Qichen said: Since Prime Minister Rajiv Gandhi's visit to China in 1988, Sino-Indian relations have greatly improved and developed. The establishment of friendly and cooperative relations between China and India not only conforms to the fundamental interests of the two peoples but also is helpful to regional peace and stability.

On China's South Asia policy, Qian Qichen said: China hopes to establish friendly and good-neighbor relations with all the countries of South Asia. China's development of friendly and cooperative relations with any South Asian country is not directed against any other country. The Kashmir issue has been left over by history. India and Pakistan should solve their disputes through peaceful negotiations and consultations. China wishes to see the two countries improve their relations.

On the Sino-Indian border issue, Qian Qichen said: China and India have reached some agreements on it. Last year, the two countries signed an agreement on maintaining peace and tranquillity along the actual control line of the borders. Under the guidelines of the agreement, the two sides have set up a diplomatic and military group which meets regularly to discuss concrete measures for implementing the agreement. Real results will be achieved soon. China expects the Sino-Indian border to be one of peace and tranquillity, not confrontation.

### **Qian Departs for Nepal**

*OW1907084094 Beijing XINHUA in English 0809  
GMT 19 Jul 94*

[Text] New Delhi, July 19 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen has ended his three-day visit to India and left for Nepal today.

During his visit here, Qian met Indian Prime Minister Narasimha Rao, President Dayal Sharma as well as commerce and finance ministers.

At the same time, an agreement on avoidance of double taxation between China and India was signed here, which was described by Qian as a breakthrough.

In their meeting, Rao maintained India's stand on Tibet, saying "Tibet is an autonomous region, it is China's internal affairs and India would not interfere with it."

Qian arrived here on Sunday and spent a very busy day on Monday.

### **Qian Qichen Arrives in Kathmandu**

*OW1907084894 Beijing XINHUA in English 0809  
GMT 19 Jul 94*

[Text] Kathmandu, July 19 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen arrived here this afternoon for a two-day official goodwill visit to Nepal.

In a statement issued on his arrival at the Tribhuvan International Airport, the Chinese vice premier said China and Nepal are amicable neighbors linked by common mountains and rivers and enjoy a long-standing friendship.

The Chinese Government and people treasure this traditional friendship, said the vice premier in the statement.

"I hope that this visit will help enhance understanding, deepen friendship and promote cooperation. I am looking forward to the exchange of views with the Nepalese side on bilateral relations and international and regional issues of common interest," he said.

Qian expressed confidence that his visit would be a fruitful one and that the friendly relations and cooperation between China and Nepal would further solidify and develop with the concerted efforts from both sides.

The Chinese vice premier and foreign minister was received by Minister for Tourism and Civil Aviation Ram Hari Joshy at the Tribhuvan International Airport.

During the two-day visit in Nepal, Qian Qichen will call on Prime Minister Girija Prasad Koirala, hold official talks with Tourism Minister Joshy and have an audience with Nepalese King Birendra.

### **Defense Minister Chi Haotian Visits Pakistani President**

*OW1807142294 Beijing XINHUA in English 1343  
GMT 18 Jul 94*

[Text] Islamabad, July 18 (XINHUA)—Visiting Chinese Defense Minister Chi Haotian called on Pakistan President Farooq Leghari at the presidential palace here today.

During the 50-minute meeting, President Leghari highly praised the long, traditional friendship between Pakistan and China, saying such friendship is not only between the two governments but also between the two peoples.

Leghari said the friendly relations between the two countries help promote the peace and stability in the region.

He expressed the hope that China would continue, as in the past, to make contributions to the peace and stability in Asia as well as in the whole world.

Chi Haotian, who arrived in Pakistan on Saturday on a five-day friendly visit at the invitation of his Pakistani counterpart Shaban Mirani, said the friendship between China and Pakistan is all-weather and time-tested.

The bilateral relations, which are based on the five principles of peaceful coexistence, has emerged as a model in relations between the countries with different social systems.

Chi said the Chinese people and the Armed Forces would spare no effort in further developing the friendly relations with the Pakistani people and the Armed Forces.

Chi appreciated Pakistan's efforts for improving the relations with India and expressed the hope that Pakistan and India would resolve their conflicts through peaceful and political means.

Chi Haotian later met with Pakistan Defense Minister Shaban Mirani and Chief of Joint Staff Committee Gen. Shamim Alam and inspected the guard of honor of the three services.

**Beijing International Reports Chi-Bhutto Meeting**  
*BK1907104594 Beijing China Radio International in Urdu 1600 GMT 18 Jul 94*

[Text] According to our Islamabad correspondent, the Pakistani prime minister said in Islamabad yesterday that Pakistan has considered its friendship with China to be the cornerstone of its foreign policy from the very beginning. During her meeting with Chinese Defense Minister Chi Haotian, Ms. Benazir Bhutto reaffirmed that Pakistan has been steadfast in its one-China policy and also supports China's stand on the Hong Kong issue. She said China will oppose hegemony in the future as it has in the past. Pakistan also opposes hegemony. She said she hopes that by joining hands with China, Pakistan can make additional efforts to oppose hegemony and promote world peace.

Chinese Defense Minister Chi Haotian expressed his appreciation for Pakistan's one-China policy. He noted that Pakistan is a great nation and that the Pakistani people are diligent. China will never forget Pakistan's consistent support.

Defense Minister Chi Haotian arrived in Islamabad yesterday on a five-day official friendship visit to Pakistan at the invitation of his Pakistani counterpart, Aftab Shaban Mirani.

## Political & Social

### Chen Junsheng Addresses Conference on Flood Prevention

OW1807132994 Beijing XINHUA Domestic Service in Chinese 1344 GMT 13 Jul 94

[By reporters Ye Jianping (5509 1696 1627) and Du Jichang (2629 4949 2490)]

[Text] Tianjin, 13 Jul (XINHUA)—The sixth national conference on flood prevention in cities was held in Tianjin today. State Councillor Chen Junsheng chaired and spoke at the conference and also transmitted the opinions of Vice Premier Zhu Rongji on strengthening flood-prevention work in cities.

Chen Junsheng said: Cities are political, economic, and cultural centers of the state and are various localities with dense populations and a concentration of fixed assets. They are the economic lifeblood of the country. In past years, various localities have done a lot of work in preventing floods in cities and have attained some achievements, and they have significantly increased their flood-prevention capabilities. However, judging from the current situation, there are still many problems in cities' flood-prevention work, and we must pay great attention to the matter. At present, among the 570 cities in the country, 472 cities have the task of flood prevention. Most of the economically developed cities and new economic development zones are located near or beside rivers, lakes, and the sea. At present, besides the 30 key cities and some other cities, nearly one-half of cities have not formulated plans for flood prevention. Many cities have not implemented a responsibility system for flood prevention, lack funds for flood-prevention construction projects, and have not established a high standard for preventing flood in cities.

Chen Junsheng emphatically pointed out: Leading cadres at various levels, especially leading cadres in charge of city work, must effectively enhance their understanding of the importance of flood prevention in cities, increase their consciousness of the dangers of flooding, and have a sense of urgency and mission in flood prevention.

As for the current flood-prevention work in cities, Chen Junsheng stressed the need to have a firm grip of the following points:

1. It is necessary to strengthen the leadership over flood prevention and to effectively implement a responsibility system under which the chief executive will be responsible for flood-prevention work. Mayors should assume the overall responsibility for cities' flood-prevention work. When cities are hit by floods, the chief executive should direct and coordinate flood prevention in a unified manner and organize and mobilize various trades on all fronts to fight against flooding and to rescue people and property.

2. It is necessary to proceed from the actual conditions and to further revise and improve plans for preventing serious floods. Various locales should reexamine already-formulated plans for preventing serious flooding in light of the current construction projects, the situation of rivers, and the development of cities. If problems are found, responsible cadres must immediately study ways to solve those problems.

In addition, it is necessary to reinforce the existing public works for preventing floods in cities and to ensure the safety of those public works during the flood season. It is necessary to constantly raise the standard of flood-prevention work, to constantly remove sludge and obstacles, and to reinforce dikes.

He called on various locales to increase their investment in flood-prevention work, to accelerate flood-prevention construction projects in cities, and to firmly implement flood-prevention plans for various valleys this year.

### Chen Junsheng Addresses Conference on Aiding Poor

OW1907074594 Beijing XINHUA in English 0727  
GMT 19 Jul 94

[Text] Beijing, July 19 (XINHUA)—The central authorities stressed yesterday at a conference the importance of the work of aiding the poor, calling for concrete but effective measures to help them escape from poverty as soon as possible.

Premier Li Peng sent a message to the working meeting on aiding the poor, which was jointly sponsored by the departments of the Central Committee of the Communist Party of China and the central government.

State Councillor Chen Junsheng made an important speech at the meeting, saying that to do a better job of aiding the poor is a major step for the nation to eliminate poverty and to achieve common prosperity in order to build China into a modernized socialist country.

Chen said the solution to the problem of food and clothing for the remaining 80 million poor people by the end of this century is a historical task of elimination of poverty in the country.

The work is also important to the nation's unity and social stability, and to the reform and development, he said.

Through the work of aiding the poor, government and party officials are able to understand the work and lives of ordinary people and to know the real situation of the country.

It is also helpful for improving the work style of the governmental institutions, making closer the ties between the party and government and the broad masses, and cracking down on corruption.

To achieve the goal, he said, cadres will be sent to the poor areas to work together with the local officials and masses. Government units with workers and staff members numbering 100 or more should be each in charge of one county. The number of counties that need help is 592.

### Ding Guangen Speaks on Spiritual Civilization

*OW1807135894 Beijing XINHUA Domestic Service in Chinese 0826 GMT 10 Jul 94*

[Excerpts] Beijing, 10 Jul (XINHUA)—The CPC Central Committee Propaganda Department sponsored a discussion on promoting the spiritual civilization and on the project of producing an excellent book, an excellent piece of drama, an excellent piece of television drama, a good movie, and an excellent article every year (hereafter the "five pieces of excellent work project") in Beijing on the afternoon of 9 July. Those present in the warm atmosphere of the forum included Comrade Ding Guangen, member of the CPC Central Committee Political Bureau, member of the CPC Central Committee Secretariat, and head of the CPC Central Committee Propaganda Department; comrades who are in charge of propaganda, ideological, and cultural departments; representatives to the working conference of the "five pieces of excellent work project"; representatives of authors whose works had been selected as a part of the "five pieces of excellent work project" for 1993; and some notables from literary and art circles. [passage omitted]

Prior to the beginning of the forum, Ding Guangen, together with comrades who are in charge of propaganda, ideological, and cultural departments and notables from literary and art circles awarded prizes to units which won the 1993 spiritual civilization construction's "five pieces of excellent work project organizational work award" and to representatives of authors whose works had been selected as one part of the "five pieces of excellent work project." [passage omitted]

Ding Guangen spoke at the forum. At the beginning of his speech, he warmly congratulated the units which won the "five pieces of excellent work project organizational work award" and representatives of authors whose works had been selected as part of the "five pieces of excellent work project."

Ding Guangen pointed out that the "five pieces of excellent work project" is an important measure and an effective way to promote socialist spiritual civilization. He noted that a framework for the project has been established and initial results scored since the project was launched three years ago. He called on all to unremittingly persist in promoting the project and in seeking practical results. He called for raising the level and standard of the project, to produce more quality works, to train more talented people, to enhance planning, to provide better services, to enhance unity, and to foster friendship, so as to bring about a major progress of this project.

To bring forth a high standard and high level from the "five pieces of excellent work project," Ding Guangen said the most important thing is to follow the guiding principle of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, to adhere to the party's basic line, and to persist in the policy and principle of party's propaganda and cultural work. In actual work, it is necessary to closely follow the orientation of serving the people and socialism and the policy of letting a hundred flowers blossom and a hundred schools of thought contend; to stress unity, stability, and the need to go all out in work; to mainly place emphasis on positive things in propaganda work; to stress the nation's building; to prioritize social effect; and to strike a balance between economic effect and social effect. The significance of organizing and launching the "five pieces of excellent work project" lies in producing excellent works that reflect the party's policies and principles and that are in line with the people's interests; in bringing forth the creation and production of an entire line of spiritual products; and in promoting the thriving and healthy development of propaganda and cultural undertakings. The "five pieces of excellent work project" should become a project that fully reflects the spirit of the times; that greatly publicize the major trend of the times; that becomes a force which pulls propaganda and cultural workers together; that helps produce the gems of socialist culture; that meets the demands of the people; and that helps promote spiritual civilization. Under the party's leadership, the nation's reform and opening up are unfolding on a magnificent scale; the economy is developing rapidly; people of all nationalities are showing solidarity and are very enterprising; advanced individuals keep emerging from all walks of life; and socialism with Chinese characteristics shows full vitality. The mainstream of social development and positive and healthy things in real life should attract our attention and should be truthfully and fully reflected in literary and art works. Literary and art works should depict the laborers and pioneers of socialist modernization construction. They should show the excellent quality and the spiritual outlook of our nation and people, describe the struggle and present the good image of our party and our country, encourage the masses to do a still better job in building the motherland, and make the world understand China better.

Ding Guangen said turning out more quality works and training more talented people are the central tasks and the goal of launching the "five pieces of excellent work project." Those who are involved in the project are required to strive to produce quality works, to adopt a rigorous and conscientious approach toward their work, and to show a spirit of constantly improving their works. The more they produce quality works, the greater will be the impact of the "five pieces of excellent work project" on society. To raise the quality of spiritual products, first, we must aim high. Comrade Deng Xiaoping once pointed out that literary and art works have a great impact on the people, particularly on young people's thinking. In producing literary and art works, literary

and art workers must take the people's interests, the state's interests, and party's interests into consideration. Literary and art workers should be the engineers of the human souls and should strive to offer the best spiritual food to the people. They must proceed with their work in line with this demand and have a correct world view, outlook on life, value concept, and moral concept to educate and enlighten the people. Second, they must strive to accumulate life's experience as much as possible. To produce quality works, writers and artists must go deep into life. For them, "going deep into life" is a perennial theme. It is necessary to give warm encouragement to literary and art and theoretical workers to go deep into reality, to live among the masses, to go deep into life, to produce more and better quality works that draw their sources from life, that aim higher things in life, that reflect the people's actual life, and that uplift the people. The masses dynamically create reality which provides the writers and artists with a vast field where they can display their talents. The people need arts and the arts need the people more. Being loved by the people and receiving applause from them is the ultimate accolade for a writer and an artist. Third, they must master the art of compilation, creation, and production of artistic works; strive to realize the perfect unity of artistic forms and contents; stress artistic technique; raise artistic quality; increase the visual beauty of the artistic works, and the readability of the book. He stressed that the "five pieces of excellent work project" should become a project that helps train talented people. He said the criteria to measure the results of the "five pieces of excellent work project" must not be limited to counting the number of the excellent works. The criteria, he said, should extend to counting the number of outstanding writers, artists, and theoreticians, particularly young and middle-aged writers, artists, and theoreticians who have emerged and been trained because of that project. The support and assistance rendered by the older generation of artists and experts are the important conditions for the rapid growth of the young and middle-aged talents. We are thankful for the efforts of veteran artists and experts in discovering and training talents. We hope they will play a greater role. Young and middle-aged theoretical, literary, and art workers should respect the older generation of theoretical, literary, and art workers and learn from them with humility. Only by encouraging young people to make bold renovation and by encouraging the pupils to surpass their masters can there be a great hope for our undertaking.

Ding Guangen pointed out the need for propaganda departments to expand services. He said they should show concern for writers, artists, and theoreticians, be it in ideological thinking or in daily life; help improve their working conditions; and provide conveniences to them so that they may go deep into life. It is necessary to respect the law of theoretical research and literary and art creation, and respect the special characteristics and the creativity of writers, artists, and theoreticians, so that they will bring their talents fully into play in their work.

Ding Guangen pointed out the need to turn the process of organizing and launching the "five pieces of excellent work project" into one that provides the opportunity to make more friends, to deepen friendship, and to enhance unity. He called for creating an atmosphere that imparts a sense of unity and harmony, for an atmosphere that fosters democratic discussions, and for an atmosphere that is full of dynamism and buoyancy. One must be sincere and open-minded toward friends, trust and respect them, and show concern for and support them. It is necessary to earnestly solicit views from all quarters. We must not only listen to the remarks that are sweet to our ears. We must be receptive to friends' sincere advice, criticism, and suggestions. He pointed out the need for comrades who are involved in propaganda, ideological, and cultural work to have an in-depth understanding of their heavy historical tasks, to enhance their sense of mission and responsibility, to foster their professionalism and sense of dedication, and to consciously seek a uniformity between their thinking and work with the overall demands of the party and the state. In conclusion, Ding Guangen called on all to unite with one mind under the leadership of the CPC Central Committee with Comrade Jiang Zemin at its core, to work in a down-to-earth manner, to create more and better spiritual and cultural products that are worthy of our age, that are worthy of the Chinese nation, and that will add luster to the great cause of the socialist modernization construction.

#### Minister Reports on Health Care at Symposium

OW1907051494 Beijing XINHUA in English 0433  
GMT 19 Jul 94

[Text] Beijing, July 19 (XINHUA)—China will strive to provide better medical and health care for its citizens in the course of building a socialist market economy.

The government has set the following targets to be achieved by the year 2000: the infant mortality to be reduced by 30 percent and the average life expectancy to rise to 71, according to Chen Minzhang, minister of public health.

Chen was speaking at the international symposium on social policies during economic transition, which opened here yesterday.

At present, China's infant mortality is 16 per thousand in urban areas and 56 per thousand in the countryside. The average life expectancy is 69.

To improve the health of the people, central and local governments are to increase their health care budgets.

The current health care budget is 2.3 percent of the state's total expenditure.

**Phone Service Restored to Shanghai Dissident's Home**

*HK1907050094 Hong Kong SOUTH CHINA MORNING POST in English 19 Jul 94 p 9*

[By Daniel Kwan]

[Text] Shanghai dissident Yang Zhou, who was taken away by police in early May, could be released soon, his wife said yesterday. Li Guoping said that through her contact with the authorities, she was hopeful that she might be able to see her husband soon.

But there was still no word about other dissidents in Shanghai who have been held by police for more than two months without charge. The family of war reparation activist Bao Ge said they had received no information from the authorities since his arrest, while the family of another activist, Wang Fucheng, said Shanghai police denied they had Wang in custody.

But the authorities appeared to be adopting a more lenient approach towards Yang, restoring the telephone line to his home yesterday. The service was cut in April.

"Oh! I can't believe my ears... You are the first person to have got through on the telephone," Ms Li said yesterday. "I had complained to the telephone company, but they said mine was an 'internal control' telephone under the Public Security authorities. There was nothing they could do," she said.

According to Ms Li, the police promised to contact her this week concerning her husband and she believed there might be some good news in store. "I have spoken to some of my friends and they all said there were no reasons why they should still hold Yang Zhou," she said. "June 4 is over, and July 4, too. I hope I don't have to wait until August 4 (for his release)," she added.

Her optimism, she said was partly based on the way the police had handled Yang's arrest. "The day they came to take Yang away, they specially summoned me to the station for a chat and informed me that they had to deal with Yang Zhou and search my home... They even told me to let them know if I had any trouble at home while Yang was not here," she said.

Since Yang's arrest, Ms Li said there had been no information about what crime he had committed, except a confirmation note from the police saying Yang had been put in a "shelter for investigation". Ms Li said Yang seemed to be in good health and she had been allowed to send him books and summer clothing.

Meanwhile, the Beijing Intermediate People's Court declined to comment on the trial of 14 activists which began last week, claiming the spokesman was not available.

**'Modern' Prison Constructed Near Shanghai**

*OW1907034494 Beijing XINHUA in English 0316 GMT 19 Jul 94*

[Text] Beijing, July 19 (XINHUA)—Engulfed in a sea of spring wheat, a set of modern buildings stands aloof on the southwest outskirts of Shanghai, China's largest city.

Rows of spacious and well-lighted offices, well-equiped reading rooms, bathrooms and a new grass-covered recreation ground combine to indicate that the eight-ha-plus compound is a school. But the encompassing walls topped with electrified wires serve to deny the assumption and unveil the fact that it is a prison.

Officials say that Qinpu Prison, located 55 km from downtown Shanghai, is China's first world-class reform-through-labor camp designed for the 21st century.

They hold that the prison is a reflection of China's dedication to building modern and civilized prisons.

According to a blueprint mapped out by the Ministry of Justice, China's drive to build more first-class modern and civilized prisons will pick up speed.

China currently has some 1.2 million criminals in custody and most of the prisons are fairly well equipped, though facilities in some of them still need improvement, official sources said.

Justice Minister Xiao Yang said that sound prison "software" marked by civilized management outweighs sound hardware for modern and civilized prisons, though both are important. He stressed scientific reform methods, human-interest-centered management style and humanitarian treatment of prisoners.

One of China's six criteria for modern and civilized prisons is the guarantee of a low rate of recidivism. The other five are good prison facilities, efficient management, efficient reeducation efforts, labor on the part of prisoners and a well-trained prison staff.

Officials and experts maintain that the six standards are designed to bolster the effect of reforming criminals in a more humanized manner.

Officials said that China will, on an experimental basis, build more modern and civilized prisons.

The 40-million-yuan Qinpu Prison, expected to be put into full operation at the end of this year, has four five-story buildings in addition to a building for prisoners to meet with their families and some rooms exclusively for reunions of married prisoners.

According to Hu Yanping, the warden, Qinpu Prison has 24 computers and each floor has a washing machine, a TV set and an internal telephone installed for the benefit of the inmates.

Hu said that all the jail cells face south and have good lighting and ventilation, hot water and toilets, adding that the prison has two psychologists.

Dick Ward, president of Illinois University of the United States, highly praised it on an inspection tour. He sent a message which reads: "Congratulations on the first modern prison in China and best wishes in your efforts to reform criminals to serve society."

However, officials at the Ministry of Justice said that it is still beyond China's reach to build all its prisons up to the standards of Qinpu's, as China is a developing country and has limited financial power.

They held that currently priority should be directed at updating the existing prison facilities, improving management and reforming prisoners so as to eventually turn prisons into "correctional schools."

As a matter of fact, China's judicial departments have in the past few years channeled a huge amount of money into improving the living conditions of prison inmates and renovating prison facilities, the officials pointed out.

The Chinese Government has long maintained that prisons, though generally known as punitive units, should serve as reform centers. The fundamental objective of Chinese prisons is to remold criminals into law-abiding and self-supporting persons.

The endeavors to build modern and civilized prisons are a step toward that goal, officials said.

They added that in the past several decades China has successfully reformed a large number of criminals and helped a considerable number of them to become useful persons after they have served their terms.

#### Youth Association for Economic Development Set Up

OW1807145894 Beijing XINHUA in English 1314  
GMT 18 Jul 94

[Text] Beijing, July 18 (XINHUA)—China has set up a youth association for economic development (CYAED) recently.

The association aims at promoting the development of economic entities of China's youth organizations and protect its members' interests, said Jiang Daming, president of CYAED, who is also a member of the Secretariat of the Central Committee of the Chinese Communist Youth League.

The CYAED will help youth economic organizations further develop domestic and international markets. Meanwhile, it will train qualified personnel for these organizations, Jiang said.

The CYAED, composed of youth economic entities and outstanding young entrepreneurs, now includes 77 group members and over 320 individual members.

#### Yunnan, Guangxi Crack Down on Arms, Drug Trafficking

OW1907040394 Beijing XINHUA Domestic Service in Chinese 2124 GMT 18 Jul 94

[By reporter Gai Jindong (5556 6855 2639) and correspondent Li Daijun (2621 0108 6511)]

[Text] Beijing, 19 Jul (XINHUA)—These reporters have learned from the Ministry of Public Security's Frontier Guard Bureau that in the first half of this year, border defense units of the Armed Police Force in Yunnan and Guangxi made a concentrated attack on criminal activities involving arms and drug trafficking in China's southwestern border region, thereby contributing to ensuring the region's social stability, developing its border trade, and safeguarding its economic order.

With a great sense of responsibility toward the state and people, and carrying forward the spirit of fearing neither difficulties and hardships nor shedding blood, officers and men of Yunnan's and Guangxi's Armed Police Corps fought day and night along the southwest border region in a resolute struggle against criminal elements. On 1 June, after thorough investigation, a detachment of Yunnan's Dehong prefecture border defense unit cracked an extra-large drug trafficking case involving collusion between criminal elements inside and outside the border, seizing 122 kg of heroin, and arresting seven drug traffickers from inside and outside the border. During a five-day period between 17 and 21 May, border defense units of the Guangxi Armed Police Corps cracked seven arms trafficking cases based on tips provided by the masses, seizing 20 military firearms and 198 rounds of ammunition, and arresting eight arms traffickers.

According to the statistics provided by the Ministry of Public Security's Frontier Guard Bureau, between January and June this year, border defense units of Yunnan's and Guangxi's Armed Police Corps cracked more than 90 arms trafficking cases, arresting more than 100 arms traffickers and seizing more than 500 military and firearms, and replicas of different kinds, more than 200,000 rounds of ammunition, and more than 5,000 grenades and antitank grenades. Border defense units of Yunnan's Armed Police Corps cracked more than 700 drug trafficking cases, arresting more than 1,000 drug traffickers, and seizing 1,160 kg of drugs.

#### Article Views Role of Chinese Traditional Culture

OW1507151894 Shanghai WEN HUI BAO in Chinese  
3 Jul 94 p 7

[Article by Hsu Hongxing (1776 3163 5281), doctoral student of Fudan University Philosophy Department: "Carry Forward the Chinese Nation's Main National Spirit"]

[Text] China is an ancient country with a 5,000-year-old history. Compared with China, other once splendid

ancient civilizations that arose around that time, such as Egypt, Babylon, and India, have died or changed completely and left only some debris and ruins for people to visit. However, the Chinese civilization continues to thrive and its spirit outlives. We cannot help but contribute to China's age-old traditional culture and the Chinese nation's strong cohesive force and vitality that evolved from the culture. The Chinese nation is full of vigor and its firm stability and strong cohesive force are rooted in the traditional culture. From the books and records of past ages, one can trace the origin of the evolution of the Chinese nation's self-consciousness, ethnic identity, and affinity; and find that the self-consciousness, ethnic identity, and affinity grew ever stronger with the passage of time. The Xia, Shang, and Zhou Dynasties were formed by different tribes who came from different places; however they all honored Emperor Huang as their common ancestor. Although history and ethnology prove that the Chinese nation in the Spring and Autumn and the Warring States Periods did not come from the same ancestor, later generations always deem Emperors Yan and Huang as symbols of their origin. Since the Qin and Han Dynasties, the Chinese national community composed mainly of the Han nationality was formed. Emperors Yan and Huang are still a synonym for their ancestor. Most of the minority nationalities in the north, who came to the south to set up regimes from time to time, also honored Yan, Huang, and Yu as their ancestors. This example alone can explain how the time-honored concept originating from the ancient times transformed into a common national consciousness shared by people originating from various localities, in different periods. The traditional culture, as a bridge to link the national feelings, links, comprehends, and reflects the Chinese national community's self-consciousness. The Chinese nation's cohesive force and stability are the fruits of the traditional culture.

The national self-consciousness developed from the traditional culture can serve to consolidate and protect the nation's traditional culture. This is called "cultural resistance" in anthropology. Since modern times, the Chinese nation has suffered untold hardships and been invaded by foreign powers many times. The cultural resistance that serves to protect tribes, states, and religions enables China not to be completely reduced to the status of a colony. To a great extent, China's cohesive force that developed from the traditional culture contributed to the situation.

The traditional culture has both a positive and negative impact. The Chinese nation's cohesive force that developed from the traditional culture is no exception. Therefore, while recognizing its positive impact, we should not turn a blind eye to its negative impact. Take "cultural resistance" for example, negative effects such as the distinction between barbarians and Chinese—"if they are not our clansmen, they must be different from us," the Chinese culture quintessencism, the proposition of

China as the center, and Yihetuan-like xenophobia mentality are harmful to the Chinese nation's further development. It requires us to oppose cultural national chauvinism while opposing cultural nihilism.

Recently, an article entitled "The Clash of Civilization" published by Harvard University Professor Huntington [name as transliterated] has drawn extensive attention from people. He maintains: "The clash of civilization will replace ideological and other clashes to become a major type of world clash...Escalation of tribal armed clashes among different cultures is very dangerous and most likely to become the cause of a world war." He held that the Islamic and Confucian states are the focus of the conflicts with the West; and demands the West suppress Islamic and Confucian states and to create conflicts among these states. This is an article offering advice on the West's future international strategy. The article's obvious national chauvinism of Western culture merits our attention. In addition, the propositions related to the "post-colonial period" and "post-colonization" presented by today's international academic circles also deserve our concerns.

Therefore, we are currently facing a major trans-century task, that is, how to adhere to proceed from China's reality, how to give full play to the main national spirit of the Chinese nation, how to fully develop the Chinese nation's cultural and historic resources, how to adjust to the drastic changes of the global framework, and how to reinforce the Chinese nation's cohesive force in a new situation while taking the initiative to utilize the world civilization's results to enrich the growing culture of the Chinese nation. Undoubtedly, the issues of the traditional culture and the Chinese nation's cohesive force are indispensable part's of the task.

#### Text of PRC Labor Law

*OW1807091494 Beijing XINHUA Domestic Service in Chinese 1034 GMT 5 Jul 94*

[“The Labor Law of the People’s Republic of China (adopted at the Eighth Session of the Eighth National People’s Congress Standing Committee on 5 July 1994)"]

[Text] Beijing, 5 Jul (XINHUA)—Contents Chapter I. General Provisions Chapter II. Promotion of Employment Chapter III. Labor Contracts and Collective Contracts Chapter IV. Working Hours, Days Off, and Vacation Chapter V. Wages Chapter VI. Labor Safety and Sanitation Chapter VII. Special Protection for Female Staff Members and Workers, and Under-Aged Workers Chapter VIII. Job Training Chapter IX. Social Insurance and Welfare Chapter X. Labor Disputes Chapter XI. Supervision and Inspection Chapter XII. Legal Responsibility Chapter XIII. Supplementary Provisions

### Chapter I. General Provisions

Article 1. This Law is formulated in accordance with the Constitution in order to protect workers' legal rights and interests, readjust labor relations, establish and safeguard a labor system suitable to the socialist market economy, and promote economic development and social progress.

Article 2. This Law is applicable to the enterprises and individual economic organizations (hereafter referred to as employing units) within the territory of the People's Republic of China, as well as to the workers who have formed a labor relationship with them.

The establishment of a labor contract relationship between workers and state organs, institutions, and social organizations shall be conducted in accordance with this law.

Article 3. Workers enjoy the right to employment and the choice of employment on an equal basis, the right to obtain labor remuneration, days off, and vacation, the right to labor safety and sanitation, the right to receive vocational skills training, the right to social insurance and welfare benefits, the right to ask for the handling of labor disputes, and other rights provided for by law.

Workers shall fulfill their labor tasks, raise their professional skills, comply with labor safety and sanitation rules, and observe labor discipline and professional ethics.

Article 4. Employing units shall formulate and improve rules and regulations according to law in order to ensure that workers enjoy labor rights and fulfill their labor obligations.

Article 5. The state shall adopt various measures to promote employment, to develop vocational education, to draw up labor standards, to adjust social incomes, to improve social insurance, to regulate labor relations, and to gradually improve the living standard of workers.

Article 6. The state encourages workers to participate in voluntary labor in society, to launch activities for labor emulation and rational suggestions, and to engage in scientific research, technical transformation, and inventive and creative work. Their initiative shall be protected, and model workers and advanced workers shall be commended and awarded.

Article 7. Workers have the right to participate in and organize trade unions.

Trade unions represent and safeguard workers' legitimate rights and interests and carry out their activities independently according to law.

Article 8. In accordance with the law and through workers' conferences, workers' congresses, and other

means, workers shall participate in democratic management or in discussions on an equal footing with employing units on matters relating to their legitimate rights and interests.

Article 9. The State Council's Labor Administrative Department is in charge of labor work across the country.

The labor administrative departments of local people's governments at and above the county level shall be in charge of labor work in their respective areas.

### Chapter II. Promotion of Employment

Article 10. The state shall create the conditions for employment and expand the opportunities for employment by promoting economic and social development.

The state encourages enterprises, institutions, and social organizations to run industries or expand their business operations within the limits stipulated by laws and administrative regulations, so as to increase employment opportunities.

Article 11. Local people's governments in various areas shall adopt measures to develop various types of employment recommendation organs to provide employment services.

Article 12. Workers shall not be discriminated against on account of nationality, race, sex, or religious belief.

Article 13. Women enjoy equal rights to employment as those enjoyed by men. In employing workers and staff members, it is not permitted to reject hiring women on account of sex or to raise the standards for hiring women; exceptions are the types of work and positions prescribed by the state as unsuitable for women.

Article 14. Where special stipulations have been provided for by laws and regulations for the employment of handicapped people, minority nationality people, and soldiers discharged from active duty, the stipulations shall apply.

Article 15. Employing units are prohibited from recruiting and hiring juveniles before they reach 16th birthday.

In recruiting and hiring juveniles before they reach their 16th birthday, theatrical, sports, and special craft units must go through the examination and approval procedure in accordance with the relevant state regulations and must safeguard the juveniles' rights to receive compulsory education.

### Chapter III. Labor Contracts and Collective Contracts

Article 16. A labor contract is an agreement between a worker and an employing unit establishing their labor relationship and specifying the two parties' rights and obligations.

A labor contract shall be made to establish labor relations.

**Article 17.** When making or revising a labor contract, the principles of equality, voluntary participation, and agreement through consultation shall be followed, and the provisions of laws and administrative regulations shall not be contravened.

A labor contract made in accordance with the law shall have legal binding force as soon as it is made. The parties of the contract must fulfill their obligations provided for in the labor contract.

**Article 18.** Labor contracts described in the following are invalid:

- (1) A labor contract that contravenes laws or administrative regulations;
- (2) A labor contract established through the means of fraud or threat.

An invalid labor contract has no legal binding force from the day it is made. When part of a labor contract is confirmed to be invalid, the remainder shall still be valid, provided that the validity of the remainder is not affected.

The invalidity of a labor contract shall be confirmed by the Labor Disputes Arbitration Commission or people's court.

**Article 19.** A labor contract shall be in written form and shall contain the following clauses:

- (1) The time limit of the labor contract;
- (2) The work contents;
- (3) Labor protection and conditions;
- (4) Labor remuneration;
- (5) Labor discipline;
- (6) Conditions for terminating labor contract;
- (7) Obligations if the labor contract is violated.

In addition to the required provisions contained in the above clauses, the parties may agree on other contents through consultation.

**Article 20.** The time limit of a labor contract is classified either a fixed period, indefinite period, or a time limit coinciding with the completion of a certain job.

When both parties of a labor contract agree to extend the contract after the worker works for the same employing unit for 10 years or more, a labor contract of indefinite period shall be made, if it is requested by the worker.

**Article 21.** A labor contract may specify a probation period. The probation period shall not exceed six months.

**Article 22.** Parties to a labor contract may specify in the contract matters related to maintaining and safeguarding the employing unit's business secrets.

**Article 23.** A labor contract shall terminate when the term of the contract expires or when the conditions for terminating the contract agreed upon by the parties are ripe.

**Article 24.** A labor contract may be dissolved when the parties to the contract agree to its dissolution.

**Article 25.** An employing unit may dissolve the labor contract when the worker is in any one of the following circumstances:

- (1) When the worker is proven to be unqualified during the probation period;
- (2) When the worker seriously violates labor discipline or the employing unit's rules and regulations;
- (3) When the worker is guilty of serious dereliction of duty and engaging in malpractice for selfish ends which cause great losses to the employing unit's interests;
- (4) When the worker is investigated and determined to be criminally responsible in accordance with the law.

**Article 26.** Under any one of the following circumstances, an employing unit may terminate a labor contract, but it shall inform the relevant worker with a written notice 30 days in advance:

- (1) When the worker is unable to do the originally assigned work or work rearranged by the employing unit after the end of a medical treatment for illness or injuries incurred not in the course of performing work duties;
- (2) When the worker is incompetent at the job and is still unequal to the task after receiving training or being transferred to a new job; and
- (3) When it is impossible to implement the original labor contract due to a drastic change in the objective condition on which the contract was based when it was concluded, and when the parties involved fail to reach an agreement on altering the labor contract after consultations.

**Article 27.** When it is necessary for an employing unit to reduce the number of its personnel during the period of its legal readjustment because of near bankruptcy or because it is faced with serious difficulties in production and operations, it shall explain its condition to the trade union or the entire staff members and workers three months in advance. It may reduce the number of personnel after listening to the opinions of the trade union or the staff members and workers and after submitting a report to the relevant labor administrative department.

In hiring workers within six months after it has trimmed down the number of its personnel on the basis of the provisions of this Article, an employing unit shall give priority to hiring the laid-off personnel.

**Article 28.** When labor contracts are terminated by an employing unit in accordance with the provisions of Articles 24, 26, and 27 of this Law, it shall pay economic compensation to the relevant workers in accordance with relevant state provisions.

**Article 29.** An employing unit is not permitted to terminate labor contracts on the basis of the provisions of Articles 26 and 27 of this Law under any of the following circumstances:

- (1) When a worker is afflicted with an occupational disease or is injured in work and has been affirmed as having lost or partially lost the ability to work;
- (2) When a worker is still under medical treatment for illness or injuries;
- (3) When a female worker is pregnant or nursing a child; and
- (4) Other circumstances provided for by laws and administrative regulations.

**Article 30.** When an employing unit terminates a labor contract, the trade union has the right to express its opinions if it deems the move to be inappropriate. If the employing unit violates laws, regulations, or the labor contract, the trade union has the right to ask it to rehandle the matter; when a worker applies for an arbitration or starts a lawsuit, the trade union shall render support and help in accordance with law.

**Article 31.** When a worker terminates a labor contract, he or she shall inform the employing unit with a written notice 30 days in advance.

**Article 32.** A worker may, at any time, inform the employing unit of his or her desire to terminate the labor contract, under any one of the following circumstances:

- (1) In the probation period;
- (2) When the employing unit forces the worker to work by means of violence, threats, or illegal limitation of personal freedom; and
- (3) When the employing unit fails to pay wages or provide working conditions in accordance with the provisions of the labor contract.

**Article 33.** The staff members and workers of an enterprise and the enterprise management may sign a collective contract on labor remuneration, working hours, days off, vacation, labor safety and sanitation, insurance, and welfare benefits. The draft of the collective contract shall be submitted to the workers conference or the entire staff members and workers for discussion and adoption.

A collective contract shall be signed by a trade union on behalf of staff members and workers and the enterprise; in an enterprise which has not set up a trade union, the

collective contract shall be signed between the enterprise and the representative selected by the staff members and workers.

**Article 34.** Once a collective contract is signed, it shall be submitted to a labor administrative department; the collective contract shall take effect if the labor administrative department raises no objection within 15 days after receiving the text of the document.

**Article 35.** A collective contract concluded between an enterprise and its staff members and workers according to law is legally binding. Labor conditions and labor remuneration in labor contracts concluded between individual workers and an enterprise shall not be lower than the standards prescribed in a collective labor contract.

#### **Chapter IV. Working Hours, Days Off, and Vacation**

**Article 36.** The state implements a working hours system under which a worker may not work more than eight hours a day or more than 44 hours a week on average.

**Article 37.** For workers who work on piece-rate wages, employing units shall rationally determine their work quotas and piece-rate wage standards based on the working hours system provided for in Article 36 of this Law.

**Article 38.** Employing units shall guarantee workers a minimum of one day off from work each week.

**Article 39.** Enterprises which are unable to implement Articles 36 and 38 of this Law due to their special production characteristics may implement other working and off days systems with the approval of the labor administrative department.

**Article 40.** Employing units shall arrange to have workers off work during the following holidays:

- (1) New Year's Day;
- (2) Spring Festival;
- (3) International Labor Day;
- (4) National Day;
- (5) Other holidays provided for by laws and regulations.

**Article 41.** To meet production and operation needs, employing units may extend working hours not more than one hour a day in general after consulting with trade unions and workers. The working hours may be extended by no more than three hours a day in extraordinary circumstances, provided that the health of the workers is ensured. However, the working hours may not be extended for more than a total of 36 hours a month.

**Article 42.** The extension of working hours shall not be restricted by the provisions of Article 41 of this law under any one of the following circumstances:

(1) When there is threat to workers' lives and health and to the safety of property due to natural disasters, accidents, or other causes which must be urgently handled;

(2) When there is a breakdown of production equipment, communications and transportation lines, and public facilities, affecting production and public interests, which requires urgent repair;

(3) Other circumstances provided for by laws and administrative regulations.

**Article 43.** Employing units shall not extend workers' working hours in violation of the provisions of this law.

**Article 44.** Under any one of the following circumstances, employing units shall pay workers remuneration higher than their normal working hours wages according to the following standards:

(1) For work during extended working hours, remuneration of no less than 150 percent of the workers' wage shall be disbursed;

(2) For overtime work during the workers' off days when compensation time can not be arranged, remuneration of no less than 200 percent of the workers' wage shall be disbursed;

(3) For overtime work during legal holidays, remuneration of no less than 300 percent of the workers' wage shall be disbursed.

**Article 45.** The state implements a paid annual leave system.

Workers who work continuously for more than a year are entitled to paid annual leave. Specific measures shall be formulated by the State Council.

#### **Chapter V. Wages**

**Article 46.** Wages shall be paid according to the principle of distribution according to work, and equal wages shall be paid for equal work.

Wages shall be gradually raised on the basis of economic development. The state shall implement macroeconomic regulation and control on total wages.

**Article 47.** Employing units shall, according to characteristics of their production, operations, and economic efficiency, determine their own wage distribution methods and wage levels in accordance with the law.

**Article 48.** The state shall implement a minimum wage guarantee system. Specific standards for minimum wages shall be determined by provincial, autonomous regional, and municipal people's governments and reported to the State Council for record.

Wages paid by employing units shall not be lower than minimum wage standards in their localities.

**Article 49.** The following comprehensive factors shall be referred to when determining and adjusting the minimum wage:

(1) Average minimum living expenses for a worker and people he needs to support;

(2) The average wage level in society;

(3) Labor productivity;

(4) Employment situation;

(5) Differences in economic development levels between regions.

**Article 50.** Worker's wages shall be paid monthly in the form of currency and shall not be deducted or unpaid without reason.

**Article 51.** Employing units shall pay wages to workers in accordance with the law for legal holidays, off-days for marriage and funeral attendance, and participation in social activities as required by law.

#### **Chapter VI. Labor Safety and Sanitation**

**Article 52.** Employing units shall set up and perfect a labor safety and sanitation system, strictly implement state rules and standards for labor safety and sanitation, conduct education in labor safety and sanitation for workers, prevent accidents at work, and minimize occupational hazards.

**Article 53.** Labor safety and sanitation facilities shall comply with state-specified standards.

Labor safety and sanitation facilities for newly built, modified, and expanded projects shall be designed, constructed, and put into production and use together with principal projects.

**Article 54.** Employing units shall provide workers with labor safety and sanitation conditions, as well as essential work protection equipment that comply with state specifications. Regular health examinations shall be conducted for workers who engage in occupationally hazardous jobs.

**Article 55.** Workers who engage in special jobs shall go through specialized training to obtain necessary qualifications for such jobs.

**Article 56.** Workers shall strictly abide by rules for safety operations in the course of work.

Workers have the right to refuse to work at risk when ordered and forced by management personnel of employing units to do so in violation of rules, and the right to criticize and sue the management for actions that endanger the safety of their lives and health.

**Article 57.** The state shall establish a system for tallying, reporting, and dealing with injuries, deaths, and occupational diseases. Labor management departments, relevant departments, and employing units of all people's

governments at and above the county level shall tally, report, and deal with workers' injuries and deaths that occur in the course of work, as well as workers' occupational diseases in accordance with the law.

#### **Chapter VII. Special Protection for Female Staff Members and Workers, and Underaged Workers**

Article 58. The state shall give special labor protection to female staff members and workers as well as underaged workers.

Underaged workers refer to workers who have attained the age of 16 years, but are under 18.

Article 59. Female staff members and workers shall be prohibited from working in mine shafts, work of grade-4 physical strength specified by the state, and other prohibited jobs.

Article 60. Female staff members and workers in their menstrual period shall not be arranged to work in high places, at low temperatures, and in cold water, as well as work of grade-3 physical strength specified by the state.

Article 61. Female staff members and workers during pregnancy shall not be arranged for work of grade-3 physical strength specified by the state and other work prohibited during pregnancy. Female staff members and workers over seven months pregnant shall not be arranged to work extended hours and night shifts.

Article 62. Female staff members and workers shall enjoy not less than 90 days of maternity leave for child delivery.

Article 63. Female staff members and workers nursing babies under one year of age shall not be arranged for work of grade-3 physical strength specified by the state and other work prohibited during the nursing period, and shall not be asked to work extended hours and night shifts.

Article 64. Underaged workers shall not be arranged for jobs in mine shafts, work of a poisonous and hazardous nature, work of grade-4 physical strength specified by the state, and other prohibited jobs.

Article 65. Employing units shall conduct regular health examinations for underaged workers.

#### **Chapter VIII. Job Training**

Article 66. The state employs various means and measures to promote job training, develop the workers' job skills, improve their quality, and enhance their employability and work ability.

Article 67. People's governments at all levels shall incorporate job training into their social and economic development plans; encourage and support enterprises, institutions, and mass organizations, as well as individuals, to engage in job training of all kinds.

Article 68. The employing unit shall establish a job training system, draw and use job training expenses in accordance with state plans, and provide job training to workers in a planned way in accordance with its actual conditions.

The worker doing technical work shall undergo training before taking up his post.

Article 69. The state classifies professions, sets professional and technical standards for formal professions, and implements a system of certificates of professional qualifications; examination and evaluation organs certified by the government are responsible for conducting examinations and evaluations of workers' professional skills.

#### **Chapter IX. Social Insurance and Welfare**

Article 70. The state promotes social insurance services, sets up a social insurance system, and establishes a social insurance to provide assistance and compensation for workers in the event of old age, sickness, on-the-job injuries, unemployment, and childbirth.

Article 71. The level of social insurance shall be in keeping with the level of social and economic development and with society's ability to tolerate it.

Article 72. Sources of social insurance funds shall be determined on the basis of the types of insurance and a system of mutual assistance funds shall be instituted step by step. The employing unit and worker shall join social insurance and pay social insurance premiums in accordance with law.

Article 73. The worker enjoys the benefits of social insurance in any one of the following circumstances:

- (1) Retirement;
- (2) Sickness, injury;
- (3) Becoming disabled from an injury on the job or occupational diseases;
- (4) Unemployment; and
- (5) Childbirth.

When the worker dies, the surviving dependents shall continue drawing dependent pension in accordance with the law.

The conditions and standards of insurance benefits for the worker shall be set by laws and regulations.

The social insurance payment for the worker shall be paid in full and on time.

Article 74. Organs in charge of social insurance funds shall collect and distribute, administer, and manage social insurance funds in accordance with stipulations of the law and they have the responsibility for preserving and increasing the value of social insurance funds.

Organs responsible for supervising social insurance funds shall supervise the collection, distribution, administration, and management of social insurance funds in accordance with the stipulations of the law.

The establishment and functions of organs in charge of managing social insurance funds and organs responsible for supervising social insurance funds shall be provided for by law.

No organization or individual is allowed to divert social insurance funds to other uses.

**Article 75.** The state encourages the employing unit to establish supplementary insurance for workers in accordance with its actual conditions.

The state promotes savings insurance by individual workers.

**Article 76.** The state promotes social welfare undertakings, builds public welfare facilities, and create facilities for workers to rest and recuperate.

The employing unit shall create conditions for the improvement of collective welfare and the individual worker's welfare benefits.

#### **Chapter X. Labor Disputes**

**Article 77.** When labor disputes occur between an employing unit and its workers, the parties concerned may request mediation, arbitration, or file a suit at the court according to law. They may also settle the disputes through consultations.

The mediation principles apply to arbitration and legal proceedings.

**Article 78.** To safeguard the legitimate rights and interests of all parties concerned according to law, labor disputes shall be settled lawfully, impartially, and in a timely manner.

**Article 79.** After labor disputes have occurred, the parties concerned may request mediation by their unit's labor dispute mediation committee; when the mediation fails and when one party concerned demands arbitration, it may request the labor dispute arbitration committee. It may also directly request the services of the labor dispute arbitration committee. It may also file a suit at the people's court if it disagrees with the arbitration.

**Article 80.** An employing unit may establish a labor dispute mediation committee in the unit. The labor dispute mediation committee shall be made up of representatives of workers, the employing unit, and the trade union. The committee shall be chaired by a trade union representative.

When an agreement of settling labor disputes has been reached, all parties concerned shall abide by the agreement.

**Article 81.** The labor dispute arbitration committee shall be made up of representatives of the labor administrative department, a trade union of the corresponding level, and the employing unit. The labor dispute arbitration committee shall be chaired by a representative of the labor administrative department.

**Article 82.** The party which demands arbitration shall submit a written request to the labor dispute arbitration committee within 60 days of a labor dispute. In general, an arbitration ruling shall be made within 60 days of the arbitration request being received. The parties concerned shall abide by the ruling if they do not object to it.

**Article 83.** If the parties concerned in the labor disputes disagree with the arbitration ruling, they may file a suit at the people's court within 15 days after being notified of the ruling. When one party neither files the suit within the lawful period nor carries out the arbitration ruling, the other party may request the people's court to enforce the ruling.

**Article 84.** The labor administrative department of the local government may organize various quarters concerned to mediate in the event disputes occur from signing a collective contract and the parties concerned fail to settle the disputes through consultations.

When disputes occur upon carrying out a collective contract and the parties concerned fail to settle the disputes through consultation, they may go to the labor dispute arbitration committee for arbitration; if they disagree with the arbitration ruling, they may file a suit at the people's court within 15 days after being notified of the ruling.

#### **Chapter XI. Supervision and Inspection**

**Article 85.** According to the law, labor administrative departments of county and higher-level people's governments shall supervise and inspect the way an employing unit abides by the Labor Law and regulations, and they have the authority to stop any act that violates the Labor Law and regulations and order the unit to make corrections.

**Article 86.** When supervisors and inspectors of labor administrative departments of county and higher-level people's governments perform their official duties, they have the right to enter an employing unit to investigate its method of carrying out the Labor Law and regulations, to examine the necessary records, and inspect the working area.

Supervisors and inspectors of labor administrative departments of county and higher-level people's governments shall display their identification, enforce the law impartially, and abide by relevant regulations when they perform their official duties.

**Article 87.** Within the bounds of their respective responsibilities, relevant departments of county and higher-level people's governments shall supervise employing units' implementation of the Labor Law and regulations.

**Article 88.** Trade unions at all levels shall, according to the law, safeguard workers' legitimate rights and interests and supervise the way employing units abide by the Labor Law and regulations.

All organizations and individuals have the right to report and file charges against all acts that violate the Labor Law and regulations.

#### **Chapter XII. Legal Responsibility**

**Article 89.** When an employing unit has formulated labor rules and regulations that violate laws and legal regulations, the Labor Administrative Department shall issue a warning, instructing it to rectify them. When such labor rules and regulations have caused damage or losses to workers, the employing unit shall bear the responsibility of paying compensation.

**Article 90.** When an employing unit has violated the provisions of this Law by extending workers' working hours, the Labor Administrative Department shall issue a warning, instructing it to rectify such violation, and may impose fines accordingly.

**Article 91.** When an employing unit has infringed on workers' legitimate rights and interests under any one of the following circumstances, the Labor Administrative Department shall instruct it to pay wages and economic compensation to the workers, and may also instruct it to pay damages:

1. When it pockets a part of workers' wages or owes workers' wages without a proper reason;
2. When it refuses to pay overtime remuneration to workers for their overtime work;
3. When the wages paid to its workers are lower than the local minimum wage;
4. After dissolving a labor contract, it does not pay economic compensation to the workers according to the provisions of this Law.

**Article 92.** When safety facilities and sanitary conditions in an employing unit do not meet the state requirements or when an employing unit does not provide the required labor protection equipment and facilities for its workers, the Labor Administrative Department or relevant departments shall issue an order, instructing it to correct the situation, and may levy fines for such violations. When the circumstance is serious, the case shall be reported to the people's government at or above the county level, which shall decide on whether or not to order the employing unit to stop operation to carry out rectification. When measures are not taken to remove hidden perils that lead to major mishaps whereby workers' lives and properties are lost, criminal liabilities

of the personnel in charge shall be investigated and affixed in accordance with Article 187 of the Criminal Law.

**Article 93.** When a major mishap with heavy casualties and serious consequences occurs because an employing unit forces its workers to illegally operate under precarious conditions, criminal liabilities of the personnel in charge shall be investigated and affixed in accordance with the law.

**Article 94.** When an employing unit has illegally recruited and hired juveniles who are under 16 years old, the Labor Administrative Department shall order it to rectify its way, and may levy fines accordingly. When the circumstance is serious, an administration department for industry and commerce shall revoke its operating license.

**Article 95.** When an employing unit has violated this Law's provisions that protect female staff members and workers and underaged workers whereby their legitimate rights and interests have been infringed on, the Labor Administrative Department shall order it to rectify its way, and may levy fines accordingly. The employing unit shall be responsible for paying compensation for damage or losses to the workers.

**Article 96.** When an employing unit has committed any one of the following acts, a public security organ shall detain its personnel in charge for less than 15 days, levy fines, or issue a warning; and if the case constitutes a crime, criminal liabilities of the personnel in charge shall be investigated and affixed in accordance with the law:

1. When it forces its workers to work by resorting to violence or threats, or by illegally restricting their personal freedom.
2. When it insults or physically harms its workers, beats them up, illegally searches them, or detains them unlawfully.

**Article 97.** When an invalid labor contract causes damage or losses to workers, the employing unit should be responsible for paying compensation for such damage or losses.

**Article 98.** When an employing unit has violated the provisions of this Law by dissolving a labor contract or by refusing to form a labor contract by willfully dragging its feet, the Labor Administrative Department shall order it to rectify its way. The employing unit should be responsible for paying compensation for damage or losses, if any, to the workers.

**Article 99.** When an employing unit has hired workers who have yet to dissolve existing labor contracts with their former employing unit, causing the former employing unit to incur economic loss as a result, the second employing unit shall be responsible for joint liability in accordance with the law.

**Article 100.** When an employing unit does not pay premiums for social insurance without a proper reason, the Labor Administrative Department shall instruct it to settle them within a certain period. Extra charges may be imposed if it has not settled them within the specific period.

**Article 101.** When an employing unit unreasonably obstructs the Labor Administrative Department, relevant departments, and their personnel from exercising their supervisory and investigative powers, or retaliates against informants who report on them, the Labor Administrative Department or relevant departments shall levy fines accordingly. If the case constitutes a crime, criminal liabilities of the personnel in charge shall be investigated and affixed in accordance with the law.

**Article 102.** When a worker has violated this Law's provisions by dissolving a labor contract, or has violated a labor contract's stipulation on protection of secrets, causing the employing unit to incur economic loss as a result, the worker shall be responsible for paying compensation for damage or losses to the employing unit.

**Article 103.** When personnel of the Labor Administrative Department or relevant departments abuse their authority, are involved in dereliction of duties, or embezzle for private gains, their criminal liabilities shall be investigated and affixed in accordance with the law if the case constitutes a crime. If the case does not constitute a crime, they shall receive disciplinary sanctions.

**Article 104.** When state organ personnel and personnel of organs handling social insurance funds embezzle social insurance funds, their criminal liabilities shall be investigated and affixed in accordance with the law if the case constitutes a crime.

**Article 105.** When other laws and administrative regulations have relevant existing stipulations to penalize those who infringe on workers' legitimate rights and interests in violation of the provisions of this Law, the culprits shall be punished according to these relevant existing stipulations.

### **Chapter XIII. Supplementary Provisions**

**Article 106.** Provincial, autonomous regional, and municipal people's governments shall formulate, in accordance with this Law and the local conditions in their respective areas, measures for the implementation of the labor contract system and report them to the State Council for the record.

**Article 107.** This Law shall be effective on 1 January 1995.

**Amended Regulations on Citizens' Entry, Exit**  
*OW1807130894 Beijing XINHUA Domestic Service in Chinese 2059 GMT 15 Jul 94*

[“Detailed Rules for Implementing the Law of the People's Republic of China Governing the Exit and Entry of

Citizens”—approved by the State Council on 3 December 1986 and promulgated by the Ministries of Public Security, Foreign Affairs, and Communications on 26 December 1986; amended, with the approval of the State Council, on 13 July 1994, and promulgated by the Ministries of Public Security, Foreign Affairs, and Communications on 15 July 1994]

[Text] Beijing, 16 Jul (XINHUA)—**Chapter I. General Principles**

**Article 1.** The following detailed rules are formulated according to the provisions of Article 19 of the “Law of the People's Republic of China Governing the Exit and Entry of Citizens.”

**Article 2.** The detailed rules apply to citizens of the PRC who are leaving or entering the country on private matters. The “private matters” here refer to taking up residence, visiting relatives or friends, inheriting an estate, studying at private expense, taking up employment, sightseeing, or other nonofficial matters.

### **Chapter II. Exit**

**Article 3.** A citizen who wants to leave the country for a private matter must submit an application to the exit and entry administrative department under the public security bureau of the city or county where the citizen has registered his permanent residence, answer relevant questions, and complete the following procedures:

1. Turn in a permanent residence booklet, or other household registration certificate, for verification.
2. Complete an exit application form.
3. Submit comments on the application by the unit where the applicant works.
4. Submit a certificate relevant to the reason for exit.

**Article 4.** The certificate mentioned in the above Item 4, Article 3, refers to one of the following:

1. For taking up residence, the applicant must submit a certificate from the relative or friend who has agreed to be his sponsor, or written approval from the country where the applicant plans to take up residence.
2. For visiting relatives or friends, a letter of invitation is required.
3. For inheriting an estate, a certificate of legal inheritance is required.
4. For studying at private expense, a certificate of acceptance from the school and necessary financial guarantee letter are required.
5. For taking up employment, the applicant must submit a letter or certificate of employment from the employer.
6. For sightseeing, the applicant must submit proof of foreign exchange to cover the expenses.

**Article 5.** The city or county public security bureau must make the decision to approve or reject an application and notify the applicant within 30 days, or 60 days in the case of remote or inconveniently located areas.

An applicant has the right to inquire about and receive a reply from the department which has accepted the application if he is not notified of the results within the time limit. If an applicant believes that rejection of his application does not accord with the "Law Governing Exit and Entry of Citizens of the PRC," he has the right to petition the public security organ at the next highest level, which should handle and reply to the petition.

**Article 6.** A citizen who has resided in China and obtained an exit permit shall be given a PRC passport and an exit registration card issued by the exit and entry administrative department under the public security organs.

**Article 7.** A citizen who has obtained a visa or entry permit from the country he will be visiting must complete residence registration procedures before departure. A citizen leaving China to take up residence abroad must visit the local public security police station or household registration office to cancel his residence. A citizen leaving China on a short-term visit must complete the registration for temporary absence, and resume his residence upon returning to China with the passport.

**Article 8.** After returning to China, a Chinese citizen who has a valid PRC passport, a valid travel document issued by the PRC, or some other kind of valid exit and entry document may leave the country with the valid passport or document.

### Chapter III. Entry

**Article 9.** A Chinese citizen residing abroad who wants to return to China for a short stay shall enter the country by producing a valid PRC passport, a valid travel document issued by the PRC, or some other kind of valid entry and exit document.

**Article 10.** A Chinese citizen residing abroad who wants to return to China to take up permanent residence should submit an application, in advance, to Chinese diplomatic establishments, consular organizations, or other organizations authorized by the Ministry of Foreign Affairs abroad. The application may also be submitted by the applicant himself or through his relatives in China, to the public security bureau of the city or county where the applicant plans to take up residence, and the provincial, autonomous regional, or municipal public security department (bureau) will then approve and issue a document for returning to China for permanent residence.

**Article 11.** A Chinese citizen residing abroad who wants to return to China for work should submit an application to the Chinese labor and personnel departments concerned or to the unit which invites or hires him or her.

**Article 12.** Within 30 days of his or her arrival at the destination, a Chinese citizen residing abroad who has returned to China to take up permanent residence or a job must register for permanent residence with the local public security bureau using the permanent residence certificate or the invitation or hiring certificate approved by the Chinese labor and personnel department concerned.

**Article 13.** A Chinese citizen residing abroad who wants to return to China for a short stay should apply for temporary residence in accordance with regulations governing residence administration. When staying at a guesthouse, hotel, inn, hostel, or school, in a government office or organization, or in other organizations, a registration form for temporary residence should be filled out. For those who stay with relatives or friends, he or she or his or her relatives and friends must register for his or her temporary residence at the local public security station or residence administration office within 24 hours (72 hours in rural areas) of his or her arrival.

### Chapter IV. Exit and Entry Inspection

**Article 14.** A Chinese citizen must leave or enter the country at ports open to foreign countries or other designated ports, produce a PRC passport or other exit or entry documents at the border inspection station, fill out exit or entry registration cards, and be inspected.

**Article 15.** The border inspection stations have the authority to cancel the exit or entry if the Chinese citizen desiring exit or entry:

1. Is without a PRC passport or other exit or entry documents;
2. Is using an invalid passport or other invalid exit or entry documents;
3. Is using a forged or altered passport or documents or another person's passport or documents; or
4. Refuses to produce any certificates for inspection.

In cases where the conditions in two and three of the previous article are involved, they may be dealt with according to the stipulations in Article 23 of these detailed regulations.

### Chapter V. Custody of Documents

**Article 16.** A Chinese citizen's principal exit and entry document—the PRC passport and PRC travel certificate—will be kept and used by the person possessing these documents. With the exception of public security organs and the agencies issuing these documents, which have the authority to revoke or cancel them, and the people's procuratorates and courts, which have the authority to suspend them according to the law, no other government organs, organizations, units, or individuals may suspend these documents.

**Article 17.** The term of validity of a PRC passport is five years and may be extended twice with each extension not exceeding five years. A request for extension must be made before the expiration of the term of validity.

Abroad, a request for extension will be handled by diplomatic organs representing the PRC in a foreign country, PRC consulates, or other organs in foreign countries designated by the Chinese Foreign Ministry. At home, requests for passport extension by Chinese citizens residing abroad will be handled by the provincial, autonomous regional, and municipal public security departments (bureaus), or by the exit and entry administration department of local public security organs designated by the provincial, autonomous regional, or municipal public security departments. Requests for passport extension by Chinese citizens residing in China prior to exit will be handled by the exit and entry administration department of local public security organs that issued their passports or by the exit and entry administration departments of public security organs where passport holders' permanent residence is registered.

**Article 18.** There are two types of PRC travel certificates—the one-year and once only kind, and the two-year extendible kind. They are issued by diplomatic organs representing China in foreign countries, Chinese consulates, or other organs stationed abroad designated by the Chinese Foreign Ministry.

**Article 19.** The PRC border pass is a document for exit or entry at the border. It is issued by the provincial, autonomous regional, or municipal public security departments (bureaus) or by public security organs authorized by the provincial, autonomous regional, or municipal public security departments. This document can be used for single or multiple entries and exits within its period of validity. The single entry-exit document shall be collected by border inspection stations upon travelers' exit.

**Article 20.** Requests for changes to be made and notes to be entered in passports or other exit and entry documents by their holders should be submitted to the exit and entry administration departments of the city or county public security bureaus or diplomatic agencies representing China in a foreign country, Chinese consulates, or other organs in foreign countries designated by the Chinese Foreign Ministry together with documents or explanations justifying the change or changes.

**Article 21.** Chinese citizens holding passports or other exit-entry permits of the PRC may turn in the passports or exit-entry permits and apply for new ones if they will soon expire, the visa pages in them are used up, or they become too worn out. Those who want to keep their old passports may do so by stapling the old passports to the new ones. A Chinese citizen who has lost his or her passport or exit-entry permit should report the loss to the responsible Chinese agencies, make a statement on the loss in a newspaper, and then apply for a replacement. In

places outside China, the renewal and replacement of passports and exit-entry permits are handled by China's diplomatic missions, consular offices, or other overseas agencies authorized by the Ministry of Foreign Affairs. In China, the renewal and replacements are handled by provincial, autonomous regional, and municipal public security departments (bureaus), or the exit-entry administrative departments of other public organs authorized by them.

**Article 22. Passports and other exit-entry permits of the PRC shall be revoked or nullified if any of the following conditions applies:**

1. The holders are deported back to China by the destination country on charges of illegal entry or illegal residence; or
2. The passports or exit-entry permits are used by Chinese citizens residing in China for purposes of swindling or deception.
3. The holders conduct activities which jeopardize China's security, honor, and interests.

Revocation and nullification of passports and other exit-entry permits shall be made by the issuing organs or their higher organs.

## Chapter VI. Punishment

**Article 23.** Anyone who tries to leave or enter China with a forged or altered exit-entry permit, or with someone else's exit-entry permit shall forfeit his or her permit and be given a warning or imprisoned for no more than five days. If the offense is serious and criminal, the responsibility for the crime shall be affixed in accordance with relevant articles of the "Additional Regulations of the National People's Congress [NPC] Standing Committee Regarding Severe Punishment of Criminals Who Secretly Organize and Transport Other People To Cross the National Boundary (Borderlines)."

**Article 24.** Anyone who forges, alters, transfers to, or sells others his or her exit-entry permit shall be sentenced to imprisonment of no more than 10 days. If the offense is serious and criminal, the responsibility for the crime shall be affixed in accordance with relevant articles of the "Criminal Law of the PRC" and the "Additional Regulations of the NPC Standing Committee Regarding Severe Punishment of Criminals Who Secretly Organize and Transport Other People To Cross the National Boundary (Borderlines)."

**Article 25.** Anyone who obtains an exit-entry permit by means of false information, fake certificates, or bribery shall be given a warning or imprisonment of no more than five days if the offense is minor. If the case is serious and criminal, responsibility for the crime shall be affixed in accordance with relevant articles of the "Criminal Law of the PRC" and the "Additional Regulations

of the NPC Standing Committee Regarding Severe Punishment of Criminals Who Secretly Organize and Transport Other People To Cross the National Boundary (Borderlines)."

Article 26. Any personnel of the public security organs who abuse their power to demand or take bribes or break the law in other ways in the course of enforcing the "Law Governing Exit and Entry of Citizens of the PRC" and these "Detailed Regulations" shall be subject to administrative disciplinary measures imposed by the department in charge if the offense is minor. If the case is serious and criminal, responsibility for the crime shall be affixed in accordance with relevant articles of the "Criminal Law of the PRC" and the "Additional Regulations of the NPC Standing Committee Regarding Severe Punishment of Criminals Who Secretly Organize and Transport Other People To Cross the National Boundary (Borderlines)."

#### Chapter VII. Supplementary Articles

Article 27. Regulations governing the exit of Chinese citizens travelling on official business and the exit of Chinese seamen on maritime duty shall be formulated separately.

Article 28. These detailed regulations shall take effect upon promulgation.

#### Correction to Court Tries 14 for 'Counterrevolutionary' Acts

HK1807095394

The following correction pertains to the item headlined "Court Tries 14 for 'Counterrevolutionary' Acts," published in the 15 July China DAILY REPORT, page 14:

Column two, paragraph one, only sentence make read: ...of Beijing; Rui Chaohuai, a worker at... (correcting name of dissident)

#### Science & Technology

#### Experts Urge Research on Space Nuclear Power Supply

HK1407023894 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0923 GMT 17 Jun 94

[Text] Beijing, 17 Jun (ZHONGGUO TONGXUN SHE)—Experts have pointed out that foreign countries are using nuclear energy for electric power and propulsion in space. If China wishes to maintain its space industrial development trend, it must carry out research on nuclear reactor power supply in space as soon as possible.

Several days ago the China Nuclear Energy Industry Corporation held a seminar in Beijing on space nuclear electricity technology. Some 50 experts and academics from the Commission of Science, Technology, and Industry for National Defense, the Chinese Academy of

Social Sciences, the China Aerospace Industry Corporation, and the Chinese Nuclear Energy Industry Corporation attended the seminar.

In the participants' opinion, taking account of China's aerospace technological development strategy, the research on space nuclear reactor power supply must be put on the agenda as early as possible. In the early 21st century, the problem of manufacturing long-lasting, low-orbit space nuclear power supply equipment must be resolved. To meet the development of deeper research in space exploration, it is necessary to carry out research into space nuclear reactor power supply equipment which will have a stronger capacity and a longer life.

These experts unanimously pointed out that China must immediately start such research so that in 10 years or a little longer it will be able to provide a spacecraft with space nuclear power supply equipment for a trial flight. They added that a program for this research must be worked out as early as possible and that the current favorable opportunity for international cooperation in this field must be seized.

#### Company To Establish Satellite Station in Hong Kong

HK1907102994 Hong Kong AFP in English 0959 GMT 19 Jul 94

[Text] Hong Kong, July 19 (AFP)—The China-led consortium APT Satellite Company Ltd. has been granted a license to establish a satellite station in Hong Kong, a government spokesman said Tuesday.

The Hong Kong-based company, set up in April 1992, will build the station in the New Territories to provide telecommunications and television distribution services to the Asia-Pacific region, through its soon-to-be launched Apstar-1 satellite.

Apstar-1, which is the second satellite to be launched by the firm, is expected to be launched by the China Great Wall Industry Corp from the Xichang launch pad in southwestern China on Thursday.

The first satellite, AsiaSat-1, was launched in October 1990 and the firm is also expected to launch AsiaSat-2 next year.

#### 'Retrievable Satellite' Lands in Sichuan Province

OW1807142694 Beijing XINHUA in English 1344 GMT 18 Jul 94

[Text] Beijing, July 18 (XINHUA)—A Chinese satellite for scientific surveys and technological experimentation returned to the pre-determined area in the middle part of southwest China's Sichuan Province at 11:35 this morning, Beijing time.

It was China's 16th retrievable satellite for scientific surveys and technological experimentation.

Experts said that the equipment on the satellite is sound and the experiment results are being sent to Beijing for examination.

The retrievable satellite was launched from the Jiuquan Satellite Launch Center in northwest China's Gansu Province on July 3.

After it entered its pre-determined orbit, the Xian Satellite Monitoring and Control Center had been tracing the satellite all along until it completed its tasks.

**National Information Network 'Progressing'**  
*OW1607025394 Beijing XINHUA in English 0202  
 GMT 16 Jul 94*

[Text] Tianjin, July 16 (XINHUA)—The construction of a new national economic information network is now progressing in China, in an effort to boost the development of its information industry.

The project is composed of three separate sub-networks of economic information—on telecommunications, foreign trade/customs and electronic credit cards.

To date, 22 optical fiber trunk lines and 20 digital microwave trunk lines have been completed, according to officials with the telecommunications and information departments.

The officials said that the first phase of a national high-speed digital data network is expected to be in operation in July.

China's information industry, though in its infant stage, is now in full swing, with information services starting to penetrate into every aspect of social life.

Since the mid-1980's, with the boom in computer manufacturing, governments of all levels have invested billions of yuan to build nearly one thousand information centers for the use of governmental policy decision-making, which, together with the statistics information networks, forms the mainstay of China's information network system.

The development of the market economy also has provided a favorable climate for the country's information industry and there have emerged various kinds of consulting and developmental information service institutions throughout the country.

A recent survey shows that China has over 40,000 consulting organizations and 20,000 information service institutions with millions of professionals and workers and staff members.

China has already made a breakthrough in Chinese character input systems, once considered the "bottle-neck" of the country's data processing. A dozen input modes for Chinese language have appeared with speeds faster than for other languages.

In big cities such as Beijing, Shanghai, Shenzhen and Tianjin, more than 20 types of telephone information service have been provided, involving nearly 10,000 telephone calls daily.

The information industry has also become a new attraction for foreign business investment. One giant U.S. information firm has built a joint venture in China and set up 23 offices throughout the country to provide information services for domestic and world users.

Economists believe that with the fast development of the market economy, information is becoming more and more important to government organizations and enterprises. It will become a new industry full of vitality.

**Guangzhou, Beijing Optical-Fiber Cable To Be Built**

*OW1707022694 Beijing XINHUA in English 0209  
 GMT 17 Jul 94*

[Text] Guangzhou, July 17 (XINHUA)—A 3,000-km optical-fiber trunk cable between Beijing and Guangzhou, capital of Guangdong Province, will be built, government officials said.

The cable will begin from Beijing, pass through Hebei, Henan, Hubei and Hunan Provinces, and end in Guangzhou City. It will cost 600 million yuan (about 68.9 million U.S. dollars) to build.

The part in Guangdong Province will be more than 500 km, with an investment of 125 million yuan. Construction is expected to begin in August. Upon its completion the province will have an additional 24,000 long-distance telephone lines.

The whole project will be completed by 1999.

An underground coaxial cable and an above-ground optical-fiber cable roughly along the same route were put into operation respectively in 1985 and 1993. However, the growing economy in different localities demands more telephone facilities.

The capacity of the new cable will be five times that of the total capacity of the former two cables.

**Hunan Research Institute Develops Sorghum Hybrid**

*OW1707052394 Beijing XINHUA in English 0308  
 GMT 17 Jul 94*

[Text] Changsha, July 17 (XINHUA)—A new variety of hybrid sorghum was developed in the Soil and Fertilizer Research Institute in central China's Hunan Province.

Raised by crossing a sorghum of sterile line with a sorghum of a restored line, it is a new sorghum variety in the world, experts say.

In the past two years, the new sorghum was planted for testing in several provinces and the results show an increase in output of 36.4 percent over other local varieties.

Experts say that the new sorghum would make excellent raw material for wine-making.

## Military

### Book on PLA 4th Field Army To Be Published

OW1607125594 Beijing XINHUA in English 0954  
GMT 16 Jul 94

[Text] Beijing, July 16 (XINHUA)—The Central Military Commission has decided to compile "The Annals of the Fourth Field Army of the People's Liberation Army (PLA)."

Liu Huaqing and Zhang Zhen, vice-chairmen of the Central Military Commission, met the members of the leading group of the editing board. Chen Yun and Peng Zhen are chief advisors of the leading group while Hong Xuezhi is the head.

Vice-Chairman Liu Huaqing said that the Fourth Field Army is one of the four field armies of the PLA during the war of liberation (1945-1949). It made great contributions during the war of liberation. The publication of the annals of the Army will play an important role in summarizing the battle experience of the PLA, in educating the PLA soldiers to carry forward the glorious tradition of the PLA, and in modernizing the Chinese Armed Forces.

The Military Academy of Sciences, the Shenyang military area command and Guangzhou military area command are assigned to compile the book, which is expected to be published in three years.

### Report Details Military's Modernization Efforts

OW1707141994 Beijing XINHUA in English 1330  
GMT 17 Jul 94

[Text] Beijing, July 17 (XINHUA)—Great changes have taken place in the structure of various arms and services of the Chinese People's Liberation Army thanks to its great efforts to modernize.

According to sources from the headquarters of the People's Liberation Army (PLA), the Air, Naval and Second Artillery Forces have been expanded. The degree of mechanization of the infantry has been raised greatly, with the special forces, such as the artillery, armoured force, engineering corps and anti-chemical corps, making up over 70 percent.

The technical forces in telecommunications, mapping, meteorology and electronic confrontation have also been enhanced.

According to leading officers with the headquarters, despite the fact that China cut the armed forces by one million in the late 1980s, the combined action and responsiveness of the infantry have been improved greatly. The sea defense capabilities have been enhanced and the proportion of all-weather corps of the Air Force has reached 60 percent. The newly founded Marine Corps and other special forces have made new progress.

Over the past decade and more, nearly one thousand scientific findings have been applied in military use and more than 700,000 professionals and technical officers and soldiers have been trained.

To date, nearly 80 percent of the officers above the regiment rank are college graduates and the number of technical officers has reached 50 percent.

### PLA's Structure Undergoes 'Historic Changes'

OW1707143894 Beijing XINHUA Domestic Service in Chinese 0427 GMT 17 Jul 94

[By reporters Jia Yong (6328 3057) and Ma Xiaochun (7456 2556 2504)]

[Text] Beijing, 17 Jul (XINHUA)—The People's Liberation Army [PLA] has ushered in a new period of higher readiness. Its structure is undergoing historic changes.

According to PLA headquarters, the PLA Air Force, Navy, and the Second Artillery Corps have become even stronger; the ground forces have substantially upgraded their mechanization and motorization levels; the special forces—such as the artillery, armored, engineering, and chemical defense forces—now account for over 70 percent of the ground troops; and the technical support forces—such as the telecommunications, survey, meteorological, and electronic countermeasure units—have also become stronger. These changes show that the quality of the PLA's structure has improved significantly, and that the time when the infantry was the mainstay has become history.

A leading comrade at the headquarters pointed out that the armed forces, responding to Comrade Xiaoping's call to build powerful, modernized, and regularized revolutionary armed forces, have seized the reform and opening up opportunity and have blazed a characteristically Chinese way to build themselves into crack troops. After the armed forces were downsized by 1 million, the group armies of the ground forces have substantially improved their combined firepower and responsiveness, and naval fleets' success in crossing the Pacific and Indian Oceans shows that the Chinese Navy has improved its defensive capabilities. In the Air Force, over 60 percent of the regiments and brigades [tuan dui 0957 7130] are capable of all-weather operations, and their ability to take part in night combat has also improved. Meanwhile, with the formation of the Marine Corps and other special forces, the PLA has taken new steps toward achieving the goal of building itself into crack and highly efficient combined armed forces.

According to the leading comrade, following the application of nearly 1,000 high-tech achievements in the military, some traditional services have become alive with activities. The artillery force's around-the-clock responsiveness and the chemical defense corps' detection and testing capabilities have reached the advanced world level, the number of armored troops now ranks third in the world, and the pontoon troops have conquered all rivers in the country with domestically built equipment.

Along with the historic structural changes, Chinese officers and men have also achieved new leaps in improving their proficiency. The founding of the Defense University, the highest military academy in China, indicates that a three-tiered—junior, secondary, and senior—college system has been established. Over the past 15 years, military colleges and schools have trained more than 700,000 specialists of all descriptions. Currently, approximately 80 percent of leaders in corps and higher-level units are college educated, all services have officers who have masters or doctorate degrees, and over one-half of the technical officers in the armed forces are scientists and technicians. Among rank-and-file soldiers, the percentage of technically trained soldiers has reached a record high.

### Economic & Agricultural

#### **Li Tieying Discusses Modern Enterprise System**

*OW1807150894 Beijing XINHUA in English 1421  
GMT 18 Jul 94*

[Text] Beijing, July 18 (XINHUA)—A senior Chinese official said here today that the establishment of a modern enterprise system in China lies in finding a micro form in which the public ownership is organically integrated with the market economy, and in finding an enterprise organization system in which the state-owned economy is efficient under the conditions of the market economy.

Addressing the opening session of a senior international symposium on the modern enterprise system, State Councillor Li Tieying stressed that the establishment of a modern enterprise system has an important bearing on the issue of whether the foundation of a socialist market economy with Chinese characteristics can be laid.

Li, who is also minister in charge of the State Commission for Restructuring the Economy, pointed out that the economic development in different places, industries and enterprises is uneven. Therefore, he added, the organizational forms of the modern enterprise system will be diversified. He called on enterprises and entrepreneurs to emancipate their minds and be bold in putting ideas into practice and blazing new trails.

State Councillor Li revealed that the Chinese Government has decided to seize the current favorable opportunity to speed up the pace of establishing a modern enterprise system in some pilot enterprises in the second half of this year.

He stressed that efforts will concentrate on the following three aspects:

First, it is necessary to solve the actual problems of the enterprises to pave the way for establishing a modern enterprise system. These problems include how to reasonably clear up the historical debts of state-owned enterprises, make proper arrangements for the placement of their surplus labor, set up an insurance system in pensions and medical care, and build enough housing for the employees of the enterprises.

Second, efforts should be made to establish a basic framework of a modern enterprise system. This includes perfecting the enterprise corporate system, defining the main body of the enterprise capital investment, setting up scientific and standard internal organizational management in the enterprises, reforming the labor, personnel and wage system of the enterprises, and perfecting the accounting system of the enterprises.

Third, attention will be paid to establishing an effective system of economic management and management of state-owned properties and speeding up the pace of establishing a market system and a social insurance system, thus paving the way for the establishment of a modern enterprise system.

The international symposium was sponsored by the State Commission for Restructuring the Economy. Over 150 scholars and entrepreneurs from United Nations organizations, the United States, Britain, France, Italy, Japan and China are attending the symposium.

#### **Minister Opposes Privatizing State Enterprises**

*HK1807132894 Beijing ZHONGGUO GAIGE in Chinese No 6, 13 Jun 94 pp 9-11*

[Interview with Minister of Metallurgical Industry Liu Qi by special correspondent Qin Gang (4440 0474); place and date not given: "Liu Qi, Minister of Metallurgical Industry, Stresses: State-Owned Large and Medium-Sized Enterprises Cannot Take the Path of Privatization"—first paragraph is ZHONGGUO GAIGE introduction]

[Text] At a time when our planned economic system is transforming itself into a market economy system, state-owned enterprises, the existence and development of large and medium-sized state-owned enterprises in particular, are encountering many problems and this situation has aroused common concern and worry in society. A few days ago, Minister of Metallurgical Industry Liu Qi answered this reporter's questions by referring to the experience of reform on the metallurgical industry front.

[Qin] Revitalizing state-owned large and medium-sized enterprises is the focus of our reform, and we have already made years of reform explorations and experiments in this respect. Overall, the problems of state-owned large and medium-sized enterprises have not been settled at all and some of them are even outstanding. Some people say that since state-owned large and medium-sized enterprises have achieved little in reform, their status as the pillar of our national economy is losing ground and the only way out in the future is to take the path of privatization. What do you think about this question?

[Liu] State-owned large and medium-sized enterprises occupy an important place in our country's economic development and serve as the main pillar of our national economy. They are our country's key source of revenue as well as the most important guarantee of the stable development of our state economy. State-owned large and medium-sized enterprises backed up the development of our state economy in the first 30 years after our country's founding and have borne the cost of reform since reform and opening up, thus creating conditions for the growth and development of other economic sectors. Our government provides other economic sectors with preferential conditions for development on the basis of profits and taxes turned over to the higher authorities by state-owned large and medium-sized enterprises. In a certain sense, without the support of state-owned large and medium-sized enterprises, it would be impossible to grant preferential policies to township and town enterprises and foreign-funded enterprises. The state-owned large and medium-sized enterprises' backbone status and their contributions to the state cannot be doubted. Just taking state-owned large and medium-sized enterprises of the metallurgical industry as an example, they turned over to the state a total of 92.97 billion yuan of profits and taxes from 1989 to 1993, among which 32.99 billion yuan was handed over in 1993. The reason state-owned large and medium-sized enterprises are the focus of reform lies precisely in their important position.

Meanwhile, revitalizing state-owned large and medium-sized enterprises is also an important content of realizing social stability and development. The foundation of social and political stability is to uphold our party's leadership and stable economic development, while the key to maintaining the stable development of our state economy lies in revitalizing state-owned large and medium-sized enterprises so that they will be full of vigor and vitality in development and so that the vast numbers of workers and staff will retain their great zeal. The more difficult the situation and the more intense the conflicts in the reform process, the greater the need to care about and rely on state-owned large and medium-sized enterprises and their vast numbers of workers and staff. The revitalization and development of state-owned large and medium-sized enterprises signifies the constant enhancement of our comprehensive national power and the stability and prosperity of our country.

We should be certain that since reform and opening up, state-owned large and medium-sized enterprises have achieved very great results in many respects. On the one hand, they have made progress in liberating and developing our productive forces, the enterprises have developed their productive capacity, and the comprehensive economic benefit has been improved considerably. As far as the metallurgical industry is concerned, during the Sixth Five-Year Plan, the output of steel products grew by 1.93 million tonnes per year; during the Seventh Five-Year Plan, this increased to 3.71 million tonnes per year; and in the first three years of the Eighth Five-Year Plan, the figure hit 7.77 million tonnes per year. Our country's steel output was 31.78 million tonnes in 1978, but reached 88.68 million tonnes in 1993, ranking second in the world; and the number of enterprises whose steel output was at the 1-million-tonne level rose from 13 to 21. On the other hand, the mechanism in line with the demand for a market economy and large-scale modernized production is constantly developing and being perfected. Such patterns of diversification as the joint-stock system and contract system have been popularized and implemented in some enterprises, resulting in fairly good benefits. Of course, overall, losses and potential losses incurred by state-owned large and medium-sized enterprises at present are still large, and the improvement of their productive efficiency and their economic benefits is still a problem which needs to be settled by taking further steps.

The problems and difficulties which state-owned large and medium-sized enterprises are encountering are multifarious and very complicated, and they have existed for a long time. Some of the problems are more noticeable, but it is never easy to reform them. Perhaps a long process of exploration is needed if we want to solve them once and for all. When undertaking reform, we cannot be fettered by established practice, and every means and method in line with the demands of market economy and favorable to the development of social productive forces can be used by us. As proved by the reform practice of many state-owned large and medium-sized enterprises, they can become enterprises with abundant vigor and vitality by working through in-depth reform. However, one point should be clear, that is, privatization does not accord with China's conditions and should never be the reform orientation of state-owned large and medium-sized enterprises. In China, the outcome of privatization implies social unrest and endless disasters.

[Qin] You were once a leading cadre of a state-owned enterprise, and now you act as leader of the Ministry of Metallurgical Industry. In light of enterprises' reform practice in the last few years and the problems they are now encountering, what do you think is the problem which state-owned large and medium-sized enterprises should first pay attention to and exert themselves to find a solution to?

[Liu] As far as enterprises themselves are concerned, the reform of state-owned large and medium-sized enterprises concerns, in the first place, the question of who

they should rely on. In other words, who to rely on to revitalize the enterprises. Of course, a leading collective with the spirit of blazing a new trail is very important, but, in the final analysis, we must still rely on the vast numbers of enterprise cadres and workers and staff because the liberation and development of productive forces must be realized by their creativeness. In particular, for most of the state-owned large and medium-sized enterprises, they cannot be built up by one or two persons, and even if there are one or two able persons, the support of the workers and the masses is still needed. As far as the reform of an enterprise is concerned, it can never be the case that a small number of enterprise leaders devise the package and then just give orders for its implementation, and it is even out of the question that such practices and formulations as treating workers and the masses as the reform target and showing no consideration for their immediate interests can exist in enterprises. If these situations arise, the reform of the enterprise will definitely be feeble and fail. Reform of state-owned large and medium-sized enterprises should never, at any time, forget that the vast numbers of workers and the broad masses are the enterprise's masters. What position workers and the masses should be placed in, whether or not they are trusted, whether or not their interests are taken into account and their morale is cared for, these are key questions determining the success or failure of enterprise reform.

After setting the right place in reform for workers and the masses, there is the question of fully arousing and giving play to their enthusiasm in taking part in reform. To arouse and give play to workers' and the masses' enthusiasm in reform, apart from setting up a corresponding mechanism of interests and heightening their cohesion, it is more important to accomplish the work of ideological education. The basic task of the work of ideological education, as Comrade Deng Xiaoping said, is to transform ordinary people into "people of firm conviction who understand the people's own interests and fight for them." As far as state-owned large and medium-sized enterprises are concerned, it is necessary to rely on the work of ideological education to do away with the egalitarianism formed under the planned economy and closed enterprise system and get rid of the idea of "eating from the same big pot"; and to mobilize them to take part in reform, jointly study problems existing in enterprises, explore the train of thought of enterprise reform, and devise reform packages. In our metallurgical industry, enterprises with a better performance in reform share a very important experience, that is, relying on workers and the masses when undertaking reform. If the vast numbers of workers and the broad masses stay outside reform and are not enthusiastic about taking part in reform, it will be very difficult to invigorate enterprises. If we say that the essence of reforming state-owned large and medium-sized enterprises is to further liberate and develop the enterprises' productive forces, then whether or not the enthusiasm of workers and the masses in enterprises can be aroused and brought into full play is also, in reality, an important yardstick to

measure the extent of the liberation and development of enterprises' productive forces. We cannot talk about liberating and developing the enterprises' productive forces if the enthusiasm of the vast numbers of workers and the broad masses has not been aroused.

[Qin] Redundant nonproductive personnel are a problem universally existing in state-owned large and medium-sized enterprises, which is one of the factors resulting in low enterprise efficiency and benefits. To accomplish enterprise reform, it is necessary to streamline personnel and transfer them to other sectors. So, how to solve this problem?

[Liu] For various reasons, most of the state-owned large and medium-sized enterprises have a very high percentage of nonproductive personnel. For example, there are 120,000 workers and staff in Wuhan Iron and Steel Works, but directly productive personnel only account for 23 percent, whereas auxiliary and nonproductive personnel account for 77 percent. The fact that so many auxiliary and nonproductive personnel merely serve the main production line in enterprises is, in reality, to let productive forces lie idle and results in waste. However, it will be difficult for our society to bear and absorb it if even a small number of the personnel are allowed to move to other social sectors, let alone the fact that we do not have a complete social security system. Under such circumstances, the streamlining of nonproductive enterprise personnel and their transference to other sectors is largely accomplished within enterprises. Viewed from some enterprises' reform experience, a large number of nonproductive personnel, while serving enterprise production, must simultaneously orient themselves to society, enter the market, open up new fields of production, and look for new points of production growth. With new fields of production, the potential of nonproductive personnel who are lying idle can be brought into full play. This is also an attempt to further liberate and develop enterprises' productive forces. This kind of streamlining and transferring is positive rather than negative, which will effect dual benefits: The first is improving the labor productivity of the main part of an enterprise, and the second is creating an opportunity, on the part of nonproductive personnel, to give play to their talent and create value so that they will not have a feeling of loss and abandonment in reform. Diversifying the economy with industry at the core, making use of favorable factors, and developing strong points while avoiding shortcomings should be the positive practice and way for state-owned large and medium-sized enterprises to further liberate and develop their productive forces and stride forward toward a modern enterprise system.

[Qin] What problems should state-owned large and medium-sized enterprises implementing enterprise restructuring pay attention to?

[Liu] Establishing a modern enterprise system is a necessary requirement for the development of large-scale socialized production and market economy as well as the general orientation of the reform and development of

state-owned large and medium-sized enterprises. As demonstrated by the situation of enterprises where experiments of joint-stock transformation are made, this kind of enterprise system has many merits and plays a positive role in promoting economic development, but there are also a number of problems to be observed and studied. For example, part of an enterprise undergoes joint-stock transformation, while another part continues implementing ownership by the whole people. How these two parts jointly develop after reform is precisely an important question. Since our country has a vast territory and the situation is complicated, our development is unbalanced, and it is unrealistic to discover a general pattern. We need to keep making explorations and accumulate our experience through practice. Different localities and enterprises can have different forms of operation. The key lies in whether or not we can separate the right of management from the right of ownership so as to let enterprises become the main market body; whether or not it is favorable to preserving and increasing value; and whether or not it helps further liberate and develop productive forces.

[Qin] In the process of deepening state-owned large and medium-sized enterprises' reform and their marching toward the market, what role, in your view, should the government function of macroscopic regulation play?

[Liu] Since state-owned large and medium-sized enterprises occupy an important place in economic development and play a vital part in social stability and development, and there are many inherently unfavorable conditions when they enter the market, our government's macroscopic regulations should be based on helping, supporting, and guiding state-owned large and medium-sized enterprises so that the latter, apart from obtaining the right of being responsible for their own decisions about their operation, can also win our government's strong support. State-owned large and medium-sized enterprises, large enterprises concerning the state's economic lifelines in particular, are different from ordinary enterprises. On the one hand, they must achieve the enterprises' economic benefits, and on the other hand, they must take into account state targets of social benefit, such as keeping market prices under control; fulfilling the task of scientific research, development, and production of products which incur high costs and earn little but which are needed by the state; and guaranteeing the construction of key state projects. Hence, in the situation in which the system of state macroscopic regulation is still imperfect and insensitive, on the one hand, state-owned large enterprises necessary to fulfill the task of achieving state and social benefit must not only try to realize the greatest profits but must also bear responsibility for realizing the target of social benefit and backing up the state's overall development. This is also where the long-term interests of state-owned large enterprises are. Otherwise, it will be difficult to realize the state's social objectives. In this connection, we should have a certain understanding. On the other hand, in order to settle the problem of state-owned large and medium-sized enterprises' low economic benefit, our government should

take some feasible measures in macroscopic regulation. First, creating conditions for enterprises to solve the problem of insufficient funds through multiple channels; second, as far as taxation is concerned, state-owned large and medium-sized enterprises and non-state-owned enterprises must be placed on a footing of equal competition; third, supporting state-owned large and medium-sized enterprises' technical transformation and technique acquisition to ensure their development; fourth, opening up new fields and activities of production for nonessential productive personnel working in state-owned large and medium-sized enterprises and supporting them with policies; and fifth, regarding the production and development of large, medium-sized, and small enterprises under different systems, it is necessary to have corresponding coordination and guidance so that they can complement and help each other. If all these measures are introduced and can be put into effect, it will help state-owned large and medium-sized enterprises alleviate problems which they are encountering so as to further give play to their potential.

### **Beijing Formulating Rules on Trading State Property**

*HK1807113594 Beijing CEI Database in English  
18 Jul 94*

[Text] Beijing (CEIS)—Interim provisions on administration over trading of state enterprise property is under formulation, according to related departments. Aimed at standardizing transactions of state enterprises property and revitalising the overall performance of state-owned enterprises, the provisions will define the procedure for the approval of transfer of state enterprise property, the duty of intermediate agencies and means and procedures for the transfer of property rights. Stipulations on the collection of net income and fees of property transfer as well as on pertinent legal responsibilities will also be included. According to the provisions, a transferee of the state enterprise property shall be any domestic or overseas natural or legal person or other organization with civil rights. Property trades for large- and extra large-sized state enterprises must be conducted through approved intermediate agencies. The interim provisions will be applicable to the transfer of state-owned property of all institutions, joint-stock companies (excluding listed firms) and limited liability companies (including Sino-foreign joint ventures). Transfer of state stock ownership and state property in collectively-owned enterprises shall also subject to the provisions. In addition, property trading institutions set up prior to the issuing of the provisions should go through the procedure of re-examination and approval.

### **Growth Rate of Investment in Fixed Assets Declines**

*HK1807113694 Beijing CEI Database in English  
18 Jul 94*

[Text] Beijing (CEIS)—The Chinese government's macroeconomic control measures has led to a marked drop

in fixed assets investment in the first half of this years, according to the State Statistical Bureau. Ye Zhen, spokesman with the bureau, said here on July 18 that total investment in fixed assets between January and June amounted to 450.5 billion yuan, an increase of 25.2 percent over a year earlier when a growth of 61 percent was registered. Of the total, the accomplished investment by state units reached 308.1 billion yuan, an increase of 37.5 percent, compared with 70.7 percent in the same 1993 period. Meanwhile, the number of newly started capital construction and technical renovation projects went down by 20 percent from one year ago, with a 8.2 percent decrease in the planned investment. Since the beginning of this year, the government has increased investment in basic industries and infrastructure facilities such as energy, raw materials, transportation and telecommunications, and cut down that in unprofitable industries such as machinery and light and textile industries, Ye said. But no figures were disclosed. According to Ye, China's total retail sales of consumer goods reached 718.8 billion yuan in the first half of 1994, an increase of 25.6 percent over the year-earlier period. The actual growth, after deducting the 19.8 percent hike in the retail price of commodities, stood at 4.8 percent, he added. The spokesman said the price rise was higher than the growth in the income of the Chinese people. In the first six months, the per capita income of urban residents which could be used living expenses had a real growth of 9.4 percent, while that of rural residents a real growth of 13.3 percent.

#### Circular Demands Return of Property, Funds

*HK1807113394 Beijing CEI Database in English  
18 Jul 94*

[Text] Beijing (CEIS)—The General Office of the Central Committee of the Chinese Communist Party and of the State Council recently stressed a clearing-up program of funds and properties taken by institutions and personnel from enterprises. According to a joint circular issued by the two offices, the clearing up of funds and properties constitutes one of the major efforts under the anti-corruption struggle in China. The circular noted that the clearing-up program is significant to maintaining the honesty and uprightness of the institutions, reducing the burden of enterprises and safeguarding the legal rights of the enterprises. The scope of the clearing up of the funds and properties includes motor vehicles, telecommunications apparatus, video equipment and other luxury items as well as 'donations' which institutions extorted from enterprises. Deadlines must be set for the returning of such funds and properties, the circular stated. Violators are obliged to penalties according to party and administrative disciplines, and are liable to legal punishment. Local governments and party organizations should report their work in the program to the party central committee and the state council before the end of November. The circular also stated policies on returning the funds and properties to

the enterprises and urged auditory and supervisory departments to play a role in the examination of the clearing-up program.

#### Shenzhen Court Declares Three Enterprises Bankrupt

*HK1807113394 Beijing ZHONGGUO XINWEN SHE  
in English 0752 GMT 18 Jul 94*

[Text] Shenzhen, 18 Jul (ZHONGGUO XINWEN SHE)—Three Shenzhen enterprises, one solely Hong Kong funded, one joint venture and one state owned, were declared bankrupt recently by the Bankruptcy Court under the Shenzhen Intermediate People's Court.

During a change of hands, the legal person of the Huazhong Weaving Mill (Shenzhen) Ltd., a solely Hong Kong-funded plant founded last October 1993, was unable to reach an agreement with the legal person of the mill's predecessor, Shenzhen Weaving Mill Ltd., a joint venture, on debts and other important issues. As a result, the Mill was unable to operate normally, leading to heavy losses. Its debt was as high as four million renminbi which was already due. The total value of its fixed assets was put at 1.3 million, which was not enough to cover its debts.

The Shengguang Bamboo and Wood Product Company was jointly founded in November of 1987 by Shanghai Match Factory, a certain company in Shekou and Hong Kong Nansheng Toothpick Factory. Owing to poor management, it had made losses for years. Its due debts totalled 2.3 million renminbi.

The Guangdong Foreign Economic Development Shenzhen Company was in a serious debt of 18 million renminbi, due to its bad management. The value of its fixed assets was far from enough to cover its debts.

The Bankruptcy Court of the Shenzhen Intermediate People's Court accepted the bankruptcy applications submitted by the above-mentioned three enterprises and having investigated into their fixed assets, liabilities and creditors' rights, declared the bankruptcy of the three enterprises according to the Regulations of Bankruptcy of Enterprises in Shenzhen Special Economic Zone. Their fixed assets would be sold to clear their debts.

#### Securities Chairman Discusses New Regulations

*HK1907050294 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English  
19 Jul 94 p 4*

[By Christine Chan]

[Text] China is to publish provisional regulations governing securities houses operating on the mainland, says the country's top securities official. The chairman of the China Securities Regulatory Commission (CSRC), Mr Liu Hongru, said he aimed to rationalise an industry plagued by growing malpractices.

Speaking at Shenzhen Stock Exchange's third annual general meeting yesterday, Mr Liu said four regulations regarding securities houses had been planned in the short term. They are provisional guidelines governing brokerage; brokerage's underwriting operations, brokerage's proprietary trading; and qualification of practitioners.

At present, there are no separate sets of rules regulating brokerages in China. But several share issue and trading regulations have embraced articles regarding brokerages in their sub-sections. For instance, there are chapters on the interim regulation on share issues and trading with clauses mentioning brokerages and the penalty for illegal practices.

One China analyst in Hong Kong said existing regulatory rules on brokerages were "piece-meal". Another said extra directives had to be added now and then when problems arose. It is understood that the regulatory regime on securities houses is clearer in the draft of the securities law.

So far, there are about 500 brokerages in the mainland, whose licences are all issued by the country's central bank, the People's Bank of China. The daily regulatory works are taken up by the CSRC.

Mr Liu proposes that brokerages introduce risk management in order to better establish proper internal controls on risks. The establishment of a system to examine the qualifications of practitioners engaged in the broking industry has also been put forward. Mr Liu said that while the securities sector entailed high risks, the setup would help upgrade the standards of the practitioners and the industry as well.

The planned regulations governing brokerages are designed for the time when brokerages will have to play their part in Beijing's plan to enforce two compulsory six-month guidance periods for mainland candidates seeking a listing—one before and one after their listings.

In May, the State Council Securities Policies Committee decided that companies using the 1994 quota in share issuing would need to undergo a six-month "coaching period"—both before and after they listed.

Mr Liu said: "Provisional guiding principles on 'restructuring guidance' (before the listing) and 'listing guidance' (after the listing) will be implemented soon." Mr Liu was aware of the public concern over the declining stock market. "Theoretically, we have yet to obtain full knowledge of the rules of the stock market," he said.

#### Securities Chief Stresses Confidence in Stock Market

OW1907050494 Beijing XINHUA in English 0431  
GMT 19 Jul 94

[Text] Beijing, July 19 (XINHUA)—A top financial official said that China has taken effective measures to solve problems concerning the securities market and

investors should have confidence in the stock market, the paper "CHINA SECURITIES" reported today.

Addressing a meeting of the Shenzhen Stock Exchange, Liu Hongru, chairman of the China Securities Regulatory Commission, said that the joint stock system and stock market are new things that have come into being in the course of reform and opening to the outside world.

They are not mature yet despite their rapid development, he cautioned.

"Sharp fluctuations in share prices are inevitable in the early period of a stock market," Liu said.

Analyzing the long-term, continuous drop of share prices, he attributed it to two major factors: At the beginning the shortage of shares drove up prices to an excessively high level; later, the rush of listings resulted in an oversupply and sharp price drop.

Though the price drop reflects market readjustment, some problems are noteworthy, including the fast expansion of the share supply, the demand and supply structure and standardization of the market, Liu said.

The Chinese Government has adopted some measures to solve these problems. For instance, the 5.5 billion shares to be floated this year have been postponed until after July next year; a coaching system will be adopted to help streamline the firms which plan to issue stocks; the listing of the firms which issued stocks before 1990 will be solved step by step in accordance with the market situation; the state-held and corporate-held shares will not be listed this year; and tax will not be levied on trading gains.

In addition, China has stressed the development of institutional investors, absorption of foreign funds and acceleration of legislation and standardization of the market.

"The solution to these problems will lay a sound foundation for the long-term healthy development of the securities market," he said.

Liu also noted that the deepening of the reform has brought a favorable environment for the development of the securities market.

He pointed out that the securities market is an important component of the socialist market economy. The central authorities have decided to carry out the reform of the stock system and stock market continuously.

#### Gold Mine Output Required To Remain in Country

HK1907063594 Beijing CHINA DAILY in English  
18 Jul 94 p 2

[By Pei Jianfeng: "Domestic Gold To Stay in China"]

[Text] China welcomes foreign companies to invest in its gold mines, but said they must sell the gold rather than keep it themselves.

All output in foreign-funded gold mines must be sold to the People's Bank of China, the central bank, at the official price, the Gold Bureau said over the weekend.

But foreign investors can forward their profits and other legal income to their home countries, added officials from the bureau, which is under the Metallurgical Industry Ministry.

In recent years, China has found several hundred tons of gold resources around the country, but lacks the technology and capital to develop all of these mines.

Officials hope that foreign investment will promote the gold industry.

Foreign companies are not allowed to set up wholly-owned gold mines in China. They can launch joint ventures or co-operative gold mines, official said. Foreign companies can invest with capital, technology and equipment.

Chinese can invest in terms of the resource value, geological prospect fees, land and other facilities.

The domestic side does not need to hold the majority stocks in these joint ventures.

The government recently decided to exempt the value-added tax imposed on gold mines for two years. It is still undecided whether foreign funded gold mines could enjoy this tax break, they said.

A detailed programme for introducing foreign investment will soon be published by the ministry and be implemented on a trial basis.

More than a dozen gold mines in Liaoning, Yunnan, Guangdong, Sichuan, Shandong and Gansu provinces will be open for foreign investment.

Companies from the United States, Canada, Australia and South Africa have shown strong interests in the projects.

#### Dongfeng Auto Corporation Building Sedan Production Plant

OW1807143494 Beijing XINHUA in English 1348  
GMT 18 Jul 94

[Text] Wuhan, July 18 (XINHUA)—Dongfeng Automobile Corporation, China's largest truck production center is busy building a sedan production base in Wuhan and Xiangfan, both in the central province of Hubei.

Seven key workshops are now under construction as planned in the two cities. Most of them are expected to be completed at the end of this year or early next year.

Most of the facilities, imported with 1.645 billion francs and purchased at home with 572 million rmb [renminbi] yuan, have been ordered.

The new sedan plant, which is expected to boost annual production to 150,000 by the end of 1996, is a joint venture between the Dongfeng Automobile Corporation and Citroen of France.

#### Leaders Voice Concern Over Loss of Arable Land

HK1907063794 Beijing CHINA DAILY in English  
18 Jul 94 p 4

[By Sun Shangwu: "Building Eats Up Farmland as More Mouths Need Food"]

[Text] China's top political advisers are once again loudening their voices of concern over the problems which continue to haunt the country's agricultural sector.

The sharp decline in the area of arable land is the most acute problem, but the slow growth of farmers' incomes, lack of agricultural development funds and a severe shortage of agricultural technicians are all of major concern.

Members of the Eighth Standing Committee of the Chinese People's Political Consultative Conference (CPPCC), the country's top political advisory body, spent five days in late June discussing domestic farm issues.

They have reached consensus that since agricultural development has a direct impact on the people's life and social stability, all social sectors must attach great importance to boosting farming.

CPPCC Chairman Li Ruihuan urged officials at all levels to protect the country's precious farmland because arable land has been disappearing at a stunning speed.

From 1957-1986, an average of 520,000 hectares of arable land vanished each year, and in 1993 alone, the land was reduced by 620,000 hectares.

Meanwhile, an average of about 16 million infants were born each year, leading to an acute decline of per capita land.

If this trend fails to be curbed, per capita land will plummet to 0.04 hectares in 50 years, Li warned.

He pointed out that the reduction of the country's farmland is mainly due to industrial construction and the establishment of development zones, which took away 667,000 hectares of farmland in 1992.

A 1993 central government screening of the country's 2,800 newly-established development zones found that 760,000 hectares of land were developed without authorization.

Li, who is also on the Standing Committee of the Politburo, urged local leaders to shoulder their responsibilities to preserve farmland while the economy develops, through careful land use planning.

He also warned that China faces serious land erosion and a deteriorating ecological environment.

To increase the farmland area, Li proposed that deserts, water-covered areas and beach-like tracts along rivers should be explored and exploited.

About 33.3 million hectares of wasteland in the country can be developed into cultivated land, Li estimated.

Lands must be developed in line with local conditions. Areas could be turned over to forestry, ponds for fishing, for pasture or agriculture—depending on their natural conditions.

Some local leaders establish land-using programmes for farmers and rural enterprises to help farmers launch construction projects.

"This practice should be encouraged," Li added.

Besides making proper land-use plans, China should depend on applying science and technology to improving its soil quality.

More than 70 per cent of China's arable lands are middle and low-yielding lands. Their quality may be improved by building water conservation projects, improving soil fertility and using good seed varieties.

However, the promotion of agriculturally-related science and technology is now hindered by a great shortage of agricultural technicians, said CPPCC vice chairwoman Qian Zhengying.

By the end of 1991, there were about 220,000 stations across the country providing agricultural science and technology services, employing 920,000 people.

But agricultural science and technology funds last year decreased by 33 per cent compared with the previous year. About 16 per cent of county level agricultural science and technology centres and stations were cut off.

Qian urged government to pour more effort into agriculture to alleviate shortages in the agriculture fund.

Money spent on agriculture in 1979 accounted for 10 percent of the State fixed assets investment, compared with only 2 per cent in 1993.

The Central Committee of the Chinese Communist Party held rural work conferences last October and March and decisions made at the meeting stipulated that the central government will pour more money this year into the agricultural sector.

A loan of 6.5 billion yuan (\$750 million) this year is earmarked to support the development of some large grain and cotton producing counties.

The other 1 billion yuan (\$120 million) loan is being used to help set up model zones of high-yielding agriculture.

Another CPPCC vice-chairman, Yang Rudai, pointed out that government officials at all levels should continue to pay enough attention to lightening burdens of farmers.

While introducing a reform package this year, prices of farm production equipment skyrocketed and its increasing range surpassed that of farmers' income.

In recent years, gaps between farm products and industrial products widened again: it grew by 16.5 per cent from 1989 to 1991, which caused slow growth of farmers' income.

The annual per capita growth rate of farmers' incomes in the 1980-1984 period was 16.1 per cent, while the rate in the 1985-88 period dropped to 5 per cent and in 1989-92 to only 2 per cent.

Protecting farming initiatives of peasants should receive top priority among officials responsible for reforms, Yang said.

"Though it is impossible to have reforms which benefit everyone, we must remember that the measure cannot harm the interests of the majority," Yang said.

#### Area of Cultivated Land Declines 400,000 Hectares

HK1807114194 Beijing ZHONGGUO XINWEN SHE  
in English 0912 GMT 18 Jul 94

[Text] Beijing, 17 Jul (ZHONGGUO XINWEN SHE)—China's cultivated area has decreased quickly for the past few years. 1993 saw a reduction of 400,000 hectares, which is about the total of seven medium-sized counties' cultivated land.

To protect the cultivated land, experts call for implementation of severe measures, which, to boil down, are as follows:

1. To formulate and strictly implement land utility plan;
2. To strengthen the administration over all kinds of developing zones. The approval procedures of developing zones must be strictly maintained according to relevant laws and policies;
3. To speed up the delimitation of basic protected farmland zones, and to make relevant laws and regulations.
4. To examine and approve land use in uniformity according to laws;
5. To actively reclaim wasteland and recultivate abandoned land.

**Agricultural Bank Issues 'Special Loans' for Poor Areas**  
*OW1907051994 Beijing XINHUA in English 0446  
GMT 19 Jul 94*

[Text] Beijing, July 19 (XINHUA)—The Agricultural Bank of China, in cooperation with relevant departments, has issued 20 billion yuan in special loans to support poor areas develop commodity production since 1986.

According to today's "ECONOMIC DAILY," while issuing loans for starting projects under the help-the-poor program,

the bank has also paid close attention to regional economic development over the past few years.

It gave out loans to support the development of 18 large stretches of land. From 1988 to 1993 the bank arranged loans worth 8.05 billion yuan for comprehensive agricultural development.

Rural financial organizations in different localities value the spreading and application of sophisticated scientific technologies in carrying out help-the-poor projects.

## East Region

### Anhui Governor Addresses Science Conference

OW1507142094 Hefei ANHUI RIBAO in Chinese  
29 Jun 94 p 1

[“Provincial Science and Technology Conference Ceremoniously Opens to Accelerate Integration of Science and Economy”]

[Excerpts] An Anhui provincial conference on science and technology ceremoniously opened in Hefei on the morning of 28 June. This is another grand meeting similar in kind to the 1978 provincial science and technology conference.

Seated on the rostrum were leaders of the provincial party committee, the standing committee of the provincial people's congress, the provincial government, the provincial committee of the Chinese People's Political Consultative Conference [CPPCC], and the provincial military district, including Lu Rongjing, Fu Xishou, Meng Fulin, Yang Yongliang, Wang Taihua, Fang Zhaoxiang, Chen Guanglin, Wang Yang, Cai Bingjiu, Chen Peisen, Du Yijin, Zhang Runxia, and Li Mingjun. Ge Tingsui, Liu Youcheng, Chang Yinfo, and Huo Yuping, academicians of the Chinese Academy of Sciences who happened to be in Hefei, also attended the conference as specially invited representatives. On behalf of the provincial party committee and the provincial government, Governor Fu Xishou delivered a report on the theme of the conference. Vice Governor Zhang Runxia made a work report: “Promote Sustained, Rapid, and Stable Economic Development in the Province Through Scientific and Technological Progress.”

The main tasks of this conference are to adapt to the new situation in the developing socialist market economy, to mobilize forces in various sectors of the province to accelerate the integration of science and technology and the economy through concerted efforts, and to give fuller play to the role of science and technology as a primary productive force in order to raise the province's economy to a new level. [passage omitted]

Yang Yongliang, deputy secretary of the provincial party committee, presided over the opening ceremony and read out a congratulatory letter from the State Science and Technology Commission.

Fu Xishou pointed out in his report: Our province's economy has begun to move onto a fast lane in the past two years. To maintain this good momentum, we should deepen reform and make full use of science and technology. He held: The time is ripe for accelerating the integration of science, technology, and the economy. Macroeconomically speaking, we have basically freed ourselves from economic shortages [duan que jing ji zhuang tai 4252 4972 4842 3444 3692 1966] and are changing a planned economy to a market economy. As our province's situation shows, the economy is growing rapidly, overall provincial strength has noticeably

increased, the scientific and technological forces have also grown in strength. All these have laid a solid foundation for the integration of science, technology, and the economy. [passage omitted]

Fu Xishou particularly stressed: Great efforts should be made to develop people-run science and technology institutes, and this is conducive to tapping scientific and technological resources and speeding up the transformation of scientific and technological results into a productive force. [passage omitted]

In conclusion, Fu Xishou emphasized: It is necessary to create a good social environment for promoting the integration of science, technology, and the economy. Efforts should be made to reduce links and simplify procedures in the management system. A rational flow of qualified scientists and technicians should be allowed, and handsome rewards may be given to scientists, technicians, and scientist-entrepreneurs who have made contributions, as well as to outstanding managers, so as to arouse their enthusiasm. Meanwhile, we should strengthen the legal system by speeding up local legislation on science and technology, strictly enforce laws in this regard, and raise people's awareness of the legal system. Through the conference, we should bring about a new situation in the province in which people learn and apply science and technology and rely on them to develop the economy.

In her work report, Zhang Runxia reviewed the province's scientific and technological achievements made in the past 15 years since the start of reform and opening to the outside world, especially those made in the last few years. She pointed out that science and technology are not quite integrated with the economy. She hoped that more science and technology would be used in the rural economy, that traditional industries would be transformed with new technology, and that a science and technology management system suited to the current new situation would be instituted. [passage omitted]

### Jiangsu Capital Increases Foreign Trade Volume

OW1807063594 Beijing XINHUA in English 0507  
GMT 18 Jul 94

[Text] Nanjing, July 18 (XINHUA)—The foreign trade volume of Nanjing, capital of Jiangsu Province, amounted to 406 million U.S. dollars-worth in the first six months of this year, an increase of 52.4 percent over the same period of last year.

Included were exports totalling 308 million U.S. dollars-worth, up 72.8 percent over the same period of last year and about 40 percent higher than the nation's average increase.

The second-largest city after Shanghai in east China, Nanjing has taken advantage of the national reform of the foreign exchange and foreign trade systems this year to boost its foreign trade.

A survey shows that the city's products sell well in 81 countries and regions, and it has made progress in contracting overseas projects and labor service.

The city government approved the establishment of 330 foreign-funded enterprises in the January-June period. Included were 42 projects each with an investment of more than one million U.S. dollars and 13 with an investment of between five million and 10 million U.S. dollars each.

Many of these enterprises have already gone into production and made profits.

### **Shandong Government Delegation Visits Japan**

*SK1607082994 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 15 Jul 94*

[Excerpts] The Shandong Provincial people's government held a meeting at the main hall of (Riqing) Stock Corporation in Tokyo to explain Shandong Province's investment environment, to introduce the province's economic development situation and matters on external cooperation, and to explore new forms and channels for further strengthening cooperation with the Japanese circles in the principle of mutual benefits. [passage omitted]

At the meeting, Governor Zhao Zhihao said: As one of China's biggest border open areas, Shandong Province has entered a new period of sustained, rapid, and sound economic development over the recent 10-odd years and jumped to the front rank of the country in the balance of economic aggregates. We have broad prospects for developing overseas cooperation. In the future, we will further improve the investment environment, provide opportunities and good service for international capital, including the capital from Japan, and push our contacts and cooperation to a new height.

Lin Shuxiang, chairman of the provincial planning commission, introduced Shandong Province's investment environment and the industries and fields that absorb foreign capital.

The delegation members also answered the relevant questions raised by the participants. More than 200 entrepreneurs from various parts of Japan and representatives from the economic circles attended the meeting.

The Shandong Provincial government friendship delegation led by Governor Zhao Zhihao arrived in Japan from the ROK on 11 July. [passage omitted]

### **Shandong Views Semi-Annual Economic Performance**

*SK1707103194 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 16 Jul 94*

[Text] It was learned at the provincial news conference on economic performance held on 16 July that during the first half of this year our province maintained a fair

development trend in the national economy and witnessed a basically normal situation in overall performance. During the first half of this year, the gross domestic product increased by 17.1 percent over the same period last year.

Since the beginning of this year, our province has reaped a bumper harvest of summer grains with the total output reaching 20.5 billion kg, another record high. The sowing acreage of cotton slightly increased; animal husbandry, aquatic product industry, and forestry were developed in an all-around manner; the agricultural production situation was good; and township enterprises developed rapidly. It is expected that the total output value of township enterprises during the first half of the year will reach more than 300 billion yuan, an increase of more than 60 percent over the same period last year.

During the first half of this year, our province still maintained a fairly high rate of increase in industry. However, the increase was slowing down. The added value of industry of enterprises at and above the township level across the province amounted to 69 billion yuan, up 21.7 percent over the same period last year. The coordination between production and marketing was further improved. This showed that all industrial units across the province have unceasingly enhanced their ability to adapt themselves to all new systems and their internal operational quality has been gradually upgraded.

During the first half of this year, our province's total investments in fixed assets reached 26.55 billion yuan, up 14 percent over the same period last year; the scope of increase slowed down by 20.5 percent after experiencing vast increases; and the investment structure was further improved.

During the first half of this year, our province's urban and rural markets were brisk and invigorating, and the sales of commodities steadily increased. The retail sales of consumer goods of the whole province totalled 50.02 billion yuan, up 28 percent over the same period last year. After price factors were deducted, the actual increase was 8.7 percent.

Since the beginning of this year, along with the accelerated reform of the foreign trade systems, 17 cities and prefectures across the province have obtained the import and export rights, and the scope of export has been expanded every month. During the past six months, the province's total imports and exports amounted to \$4.048 billion, up 27.2 percent over the same period last year.

This year our province has maintained a stable financial situation, and the operation of the new tax system has been good. During the first half of this year, the net withdrawal of cash totalled 135 million yuan, the phenomenon of over issuance of money of the past few years was effectively brought under control. The incomes of urban and rural residents increased by a large margin. During the first half of this year, the total payroll of workers across the province was 15.35 billion yuan, an

increase of 33.6 percent over the corresponding period of last year. The average per capita income for living expenses of urban residents was 1,500 yuan, showing an actual increase of 9.9 percent over the same period last year if the price factors were deducted.

The principal problems existing in the current economic performance are: The increase in commodity prices is high; the management of price hikes is extensive; some enterprises suffer a shortage of funds and have difficulties in management; and the agricultural sector still has hidden worries.

### Shandong Province 'Steadily Boosting' Foreign Trade

*OW1807063794 Beijing XINHUA in English 0502  
GMT 18 Jul 94*

[Text] Jinan, July 18 (XINHUA)—East China's Shandong province is steadily boosting its foreign trade.

The provincial government approved the establishment of 2,248 foreign-funded projects in the first six months of this year and actually used 911 million U.S. dollars of foreign capital.

More and more international financial groups are showing interest in investing in this coastal province.

Shandong concluded 118 contracts on foreign construction projects and labor service involving a sum of 129 million U.S. dollars in more than 30 countries and regions in the first five months of this year.

It exported 3.5 billion U.S. dollars-worth of goods in the first half of the year, fulfilling over one half of the annual quota and recording an increase of 28.4 percent over the same period of last year.

So far, more than 5,400 foreign-funded enterprises have gone into production and more than one third of them produce export-oriented items.

### Shandong's Jinan To Ban Illegal Sale of Firearms

*SK1707081894 Jinan Shandong People's Radio Network in Mandarin 2399 GMT 16 Jul 94*

[Text] It was learned at the news conference held by the Jinan city public security bureau on the morning of 16 July on investigating and taking over authorized firearms, ammunition, pipes, and cutting tools that beginning on 16 July, Jinan city public security organs will devote a period of one month to conducting a concentrated campaign in the whole city on investigating and seizing illegal firearms in order to eliminate hidden peril in public security and to maintain social stability. The scope of investigation of this campaign includes military guns, anaesthetic guns, small-bore rifles, and other shooting pistols for sports and hunting purposes, firelocks, small pistols, and submachine guns illegally sold or owned by units and individuals, all sorts of steel-ball pistols, electric guns, tear-gas guns, pen-shape guns, and

imitation guns forbidden by the state, and all sorts of illegally bought, sold, or owned firearms and ammunition, detonators, pipes, and cutting tools. The priorities of investigation and seizure are units and individuals who illegally make or sell firearms. Civilian firearms that were bought through legal channels, but without registration or a license must be reported to the public security organs for registration prior to 2 August. Those who fail to do so within the time limit will be regarded as illegally owning guns and be punished.

Jinan city public security bureau urged the broad masses of people to actively report and provide clues on the illegal manufacturing, selling, and owning of firearms and ammunition. The telephone number for reporting clues is 793-5743.

### Shanghai Economy 'Operating Well'

*OW1707150494 Beijing XINHUA in English 1444  
GMT 17 Jul 94*

[Text] Shanghai, July 17 (XINHUA)—Although experiencing some difficulties, Shanghai's overall economy is operating well, sources from the city's major economic department said.

Statistics shows that compared with the same period last year, the gross domestic product (GDP) of Shanghai increased 13.6 percent in the first half of this year. Local financial income increased 33.5 percent, and contracted foreign investment was up 14.2 percent, market sales were up 17.1 percent and exports were up 24.5 percent.

According to responsible government officials, some new trends have emerged this year which are expected to give great impetus to the further development of Shanghai's economy:

First, exports have increased by 24.5 percent, twice as fast as last year, for the highest rate of increase in 45 years. This shows that the typically slow increase in exports, which has over the years encumbered Shanghai's overall economic development, has been improved greatly.

Second, state-run enterprises, the mainstream of Shanghai's economy, have developed well and increased efficiency this year. The profits and taxes delivered by large and medium-sized state enterprises have increased by 30.5 percent in the first half of this year, higher than the average increase for the whole city.

Third, the new points for economic increase are developing quickly. High efficiency comes with the optimization of economic structure. Shanghai's finance, business and trade sectors are continuing to grow this year. The development of the six mainstay industries including the auto industry and rising industries like macro-electronics has changed Shanghai's economy from labor-intensive into technology- and capital-intensive one.

Economic experts said that the main reason for the quick economic growth this year is the high input in the

previous years which is now yielding results. And the high investment need gives a strong impetus to the economic development.

In the meantime, with the efforts put into the construction of a market system, Shanghai has become China's major collecting and distributing center for skilled personnel, materials, funds, technology and information, which has greatly helped Shanghai's development.

There are also some difficulties that various economic departments have come across. They are mainly as follows: market sales remaining insufficient to bring about a production boom; a long shortfall of circulating funds; rises in the prices of some raw materials; loss-making enterprises undergoing no fundamental changes; high prices; and unemployment.

The target for the economic development in the next half of the year has been set. Shanghai's industry will finish an output of 163.1 billion yuan to ensure economic growth for the whole year at 15 percent over last year.

Foreign trade departments will continue to reform the system and keep the growth rate of foreign trade at above 20 percent.

The Pudong area will keep its economic growth. Its target is 25 billion yuan for gross national product (GNP) and 1.25 billion U.S. dollars for export.

Shanghai's economy is expected to continue to develop in a healthy, stable and rapid manner, with the growth rate to be maintained at 12 percent.

### **Shanghai's Foreign Trade Exceeds Objectives**

*OW1807065494 Shanghai WEN HUI BAO in Chinese  
7 Jul 94 p 1*

[Unattributed article: "Shanghai's Foreign Trade Grows Rapidly in First Half of Year"]

[Text] While paying an investigation and study visit to the China Foreign Exchange Center yesterday, Vice Mayor Sha Lin announced that Shanghai's accumulated exports for the first half of this year topped \$4.161 billion, a growth of 24.48 percent over last year's corresponding period, and 2,044 new foreign-funded projects were approved with agreement reached on the use of \$5.075 billion in foreign funds, up 14.7 percent over last year's corresponding period. Shanghai has overfulfilled both the timeframe and objectives in foreign exports and use of foreign fund.

Sha Lin said: Shanghai's exports maintained a double-digit growth margin for six consecutive months this year. Export in June was \$910 million, up 17.48 percent over last year's corresponding period and a record month in foreign trade. Exports of various sectors grew comprehensively, and exports of specialized foreign trade enterprises, industrial enterprises, and local foreign trade enterprises, as well as enterprises of central authorities in

Shanghai all grew by fairly large margins and exceeded their export goals in the first half of the year.

In an analysis of Shanghai's foreign trade and use of foreign funds in the first six months, Sha Lin pointed out: The introduction of a series of major state reform measures, particularly reform in the foreign trade and foreign exchange systems, merging of the foreign exchange rates, and abolition of mandatory plans such as paying revenues to the central authorities have all created an environment for equal competition among various foreign trade enterprises in the municipality as well as aroused the enthusiasm of the enterprises and workers in earning foreign exchange. An attitude of "I am asked to export" has given way to that of "I want to export" among foreign trade enterprises.

Xiao Gang, president of the China Foreign Exchange Center, told Sha Lin that in the three months since it began formal operations in April, the center has recorded a total trade of \$11.7 billion and HK\$5.4 billion, or a converted total of \$12.4 billion. Further, the renminbi exchange rate is basically stable and the managed floating exchange rate system based on market demand is smoothly practiced. Sha Lin gave a high appraisal of the work of the China Foreign Exchange Center and stressed: Shanghai's foreign trade and use of foreign funds depends strongly on the management and trading of the foreign exchange. As Shanghai is the national foreign exchange operating center, a rational operating system and a relatively stable renminbi exchange rate is extremely vital to foreign trade and foreign fund use. The Shanghai municipal government will definitely further offer good services and coordination to ensure that the foreign exchange center will be better run.

### **Shanghai Stock Exchange Reaches 'All-Time Low'**

*OW1807164094 Beijing XINHUA in English 1600  
GMT 18 Jul 94*

[Text] Shanghai, July 18 (XINHUA)—Shanghai Stock Exchange plummeted to an all-time low since 1992 when it closed at 398.96 points this afternoon.

Shanghai Stock Exchange opened today at 406.61 points, 7.32 points lower than last trading day, with A shares dropping by six percent to eight percent, almost on the verge of the lowest margin and B shares sustained at 65.96 points, rising a slight 0.33 points.

Trading was dull, with a transaction shrinking to 200 million yuan, 160 million less than at the end of last year.

The comprehensive index of the Shanghai Stock Exchange began to rise in February last year and climbed to a 1,600 point peak in the first quarter of last year. But it remained at about 800 points toward the end of the year. However, it has been in low spirit since the beginning of this year.

The dull stock market is attributable to too many new shares listed, the short-term behavior of investors and the lack of institutional investment, which make it easy for the market to fluctuate and for a few big investors to manipulate.

By the end of June this year, there were 257 kinds of shares on Shanghai Stock Exchange, 78 more than at the end of last year.

### Shanghai Opens New Frequency for Financial, Stock News

OW1907004894 Shanghai WEN HUI BAO in Chinese  
12 Jul 94 p 5

[By reporter Xu Deren (1776 1795 0088): "Shanghai People's Broadcasting Station Launches Special Medium-Wave Frequency for Financial and Stock News"]

[Text] The Shanghai People's Broadcasting Station's market economic service on 1 July formally "divided" its medium-wave transmission into two transmissions, one of which is the "special medium-wave frequency for financial and stock news." The frequency, which carries live broadcasts [zhi bo 4160 2330] from 0900 [0100 GMT] to 1800 daily, ushers in a new stage of reporting on "financial and stock news" from which listeners can "gain timely information."

The frequency generated strong interest during its month-long trial operation before it was formally initiated. The Tianjin and Qingdao People's Broadcasting Stations' market economic services have leased the frequency from the municipal telecommunications bureau to relay some programs. Also, the economic services of more than 20 radio stations, including the Jiangsu, Zhejiang, Sichuan, Shandong, Tianjin, Liaoning, and Fujian People's Broadcasting Stations, will discuss ways to hook up with the frequency during a meeting in Hangzhou on 20 July.

### Retail Volume Drops in Shanghai

OW1907030994 Beijing XINHUA in English 0155  
GMT 19 Jul 94

[Text] Shanghai, July 19 (XINHUA)—The total volume of retail sales of Shanghai, the leading industrial city of China, increased by only 17.1 percent over the same period of last year. In real monetary terms, the volume has actually decreased, as commodity prices increased by more than 17 percent.

Economists warn that the sluggish market might hinder the city's economic development.

To compensate for the losses of the first six months of this year, the commercial enterprises are now improving their management and services and adopting a host of sales promotion activities so as to meet the target of a 27 percent increase over last year.

### Shanghai Seizes, Destroys Illegal Publications

HK1807131294 Beijing ZHONGGUO XINWEN SHE  
in English 0938 GMT 18 Jul 94

[Text] Shanghai, 17 Jul (ZHONGGUO XINWEN SHE)—Strict measures have been taken by Shanghai's relevant departments to curb the flood of illegal securities newspapers and periodicals. 150,000 such publications have been seized and pulped recently.

Since early this year, without being approved, many newspapers and periodicals which are supposed to provide information about securities have been publicly distributed at the doors of some securities companies. The so-called information are fragmentary and inconsistent, their evaluation and forecast of the stock market are obviously misleading. However, for the past half year, their sales were up to 2.26 million pieces. Those illegal publications seriously endanger the normal operation of the stock market and cause confusion among stockholders.

To uphold the normal order of the stock market, the Industrial and Commercial Office of Huangpu District has launched three raids, banned several illegal securities newspapers and periodicals, and confiscated illegal gain of RMB [renminbi] 140,000.

### Foreign-Funded Enterprises Boost Shanghai Economy

OW1907100394 Beijing XINHUA in English 0820  
GMT 19 Jul 94

[Text] Shanghai, July 19 (XINHUA)—The setting up of foreign-funded enterprises has helped Shanghai to adjust its industrial structure and form new pillar industries.

Shanghai has formed six new pillar industries—motor vehicles, telecommunications, iron and steel, power plant equipment, petrochemicals and electrical appliances.

These industries obtained a sales volume totalling 106.9 billion yuan last year, of which the output value generated by foreign-funded enterprises accounted for about 40 percent of the total. It accounted for 30 percent of the city's gross industrial sales value.

Shanghai is China's leading and oldest industrial center, where state-owned enterprises dominate.

The motor vehicle industry obtained a sales volume totalling 30.67 billion yuan last year. More than one third of it came from the Shanghai Volkswagen Corporation, a Sino-German joint venture, which produced 100,000 cars last year.

Shanghai's meters and instruments industry sold 10 billion yuan-worth of products last year, and more than one third of this came from foreign-funded enterprises.

Foreign-funded enterprises have become the main force in Shanghai's high-tech telecommunications industry,

which generated 6.814 billion yuan-worth of program-controlled telephone exchanges, optical fiber communications equipment, facsimile printers and mobile telephones last year.

Economists here agreed that joint-venture operation is one way to multiply the city's state assets and accelerate the industrial development and the formation of high-tech and pillar industries.

"Joint-venture operations are better than pure import of technology," said He Zhongbo, head of the Division of Foreign Economic Co-operation under the Shanghai Municipal Bureau of Meters and Instruments and Telecommunications Industries.

"Because of the common interests, both investors will guarantee the funds, technology and management for the enterprise," He explained.

According to He Zhongbo, the bureau has more than 100 state enterprises, of which about 60 percent suffer from poor management due to historical factors.

To transform the industry, the bureau began to seek foreign co-operation in 1990.

By the end of June 1994 the industry had approved the establishment of 156 foreign-funded projects involving a total investment of 1.39 billion U.S. dollars.

Starting to develop in 1988, the high-tech telecommunications industry generated an annual output value of more than one billion yuan in 1990 and 6.8 billion yuan last year. Its output value is expected to top 10 billion yuan next year.

He Zhongbo disclosed that almost all the major enterprises in the high-tech telecommunications industry are Sino-foreign joint-venture enterprises.

Leading officials of the Shanghai Municipal Government have pledged their support for Sino-foreign joint-venture enterprises on many occasions.

At present, more than 4,000 out of Shanghai's 7,000 foreign-funded projects have gone into operation, and 80 percent of them are making profits.

In addition, the city's computer and pharmaceuticals industries are seeking foreign co-operation.

#### **Shanghai Pays Attention to Residents Complaints**

OW1907023494 Beijing XINHUA in English 0152  
GMT 19 Jul 94

[Text] Shanghai, July 19 (XINHUA)—An official in Shanghai was dismissed from his post for refusing to assist a traffic accident victim.

He was reported to have refused to allow his official car to be used to send the dying man to a hospital, and a bystander reported this to the local television station.

Not long before, another official in the city, China's largest economic center, was also removed from his post and jailed for embezzlement and taking bribes, based on clues in complaints from the rank and file.

"Shanghai citizens are supervisors making sure government officials toe the line," said an official from the Shanghai Municipal Procuratorate.

With the improvement of the legal system, Shanghai people are becoming more conscious and duty-bound in supervising government and social work, ranging from patching up quarrels between neighbors to keeping an eye on the behavior of government officials and city management.

At the same time, the municipal government has attached great importance to the opinions of the rank and file and taken a series of measures to encourage them to air their views through different means.

While setting up complaints stations in all urban districts, the city government has handled with care complaints expressed in letters, through telephones or in person.

According to statistics, the government has handled more than 90,000 complaints over the past few years, and has placed 8,000 cases involving wrong doings of officials on file for investigation or forwarding them for prosecution.

As a result, 16 million yuan in illegal payments has been recovered.

Meanwhile, citizens have sent in ideas for improvement in various fields of work such as city management, municipal engineering, environmental protection, the revitalization of large and medium state enterprises and the checking of unhealthy social tendencies.

A TV discussion program called "The Citizen and Society" also serves as a grassroots watchdog.

"These suggestions are of great importance for upgrading city management," said an official from the municipal government.

#### **Central-South Region**

##### **Punished Dissident Writers Move South**

HK1907085694 Hong Kong EASTERN EXPRESS in English 19 Jul 94 p 9

[By Bruce Gilley]

[Text] Two writers who were punished for trying to publish a collection of essays and poems dedicated to the late reformist Communist Party leader, Hu Yaobang, have resurfaced in southern China. Zi Yue and Dao Zi, co-editors of the Xian-based literary magazine CHANGAN REVIEW, disappeared in April 1989 after announcing a special edition of the publication in

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memory of the deposed party general secretary, whose death that month triggered the Tiananmen Square student protests.

Friends have disclosed that the two were arrested in Xian that month on trumped up charges of illegal publishing. "It's a pity the issue was never published because they wanted it to be a serious and objective appraisal of Hu Yaobang," one close friend said. "But once the students started gathering, the project was immediately seized upon by local authorities as a provocative act," the friend said.

After serving about a year in detention in the city, the two were released and assigned to gritty blue-collar factory jobs for two years, a treatment meted out to many student activists in the wake of the Tiananmen Square crackdown. Dao, 37, was forced to be a workshop assistant in Beijing. It is not clear where Zi served his term of labour. Dao spent his evenings in the Beijing Goethe Institute translating a book on German art. His wife, a painter, divorced him during this time.

In 1992, having completed their work periods, both men moved south—Dao to Shenzhen and Zi to Hainan province—where their records would be less of a hindrance to finding work in the publishing and writing fields. In the two years since then they have met with considerable success in the south's vibrant publishing market. Dao works for a local magazine in Shenzhen as a reporter and has recently translated an American textbook on post-modernist painting. Zi works as an editor in a private publishing house in the Hainan capital, Haikou. Both have severed links with the dissident communities in Xian and Beijing. "They are unsatisfied about the blows to the country caused by the commodity economy. But they feel more comfortable in the south, where the political and economic situation is better."

#### **Breakthrough Reform in Guangzhou in First Half**

*HK1907030094 Beijing ZHONGGUO XINWEN SHE  
in English 1225 GMT 18 Jul 94*

[Text] Guangzhou, 18 Jul (ZHONGGUO XINWEN SHE)—Breakthrough has been made here in the first half of this year in six aspects in reform which was carried out with the aim of setting up the socialist market economy.

Mayor of Guangzhou, Mr. Li Ziliu, elaborated on the progress at an enlarged plenary meeting of the municipal government held today.

—A comprehensive experimental plan for the reform was initially drawn up. Thirteen other supplementary proposals for the reform were also drafted to cover establishment of the market system and a modern enterprise system in which a change in management is possible.

—A trial practice was employed for the setting up of a modern enterprise system for five enterprises here

including the Guangzhou Heavy Machinery Plant. About 61 other enterprises were chosen for an experimental practice for a change in the management mechanism. The practice in which a single measure was effectively carried out by a particular plant was tried and success was initially acquired.

—The restructuring of the property rights system was pushed forward. The shareholding practice employed by enterprises was enlarged and improved while establishment of a system for state-owned asset administration was in full swing.

—The reform of the financial system went deeper as the Guangzhou branch of the Industrial and Commercial Bank of China and the Guangzhou branch of the Bank of China took the lead in switching their management mechanism to that of a commercial bank. The Guangdong Development Bank and the Shenzhen Development Bank were set up here.

—Utilization of foreign capital saw a breakthrough when a supermarket opened business which was the first of its kind in Guangzhou and jointly run by the state-owned Guangzhou Friendship Shareholding Company Ltd. and the Hutchison Whampoa Ltd. of Hong Kong. Construction of the Sino-foreign joint ventured Tianhe Zhengjia shopping mall started early this year, which was so far the very commercial project showing the largest investment and scale in the municipality.

—The shareholding practice was pushed forward in the rural reform in the first half of the year. A rural cooperative foundation was set up to make further exploitation in this sector.

Mr. Li stressed that the reform for the second half of the year was still the main task. He added that timetable for supplementary proposals for the reform had to be set. Substantive progress had to be made in the restructuring of the property rights system while transfer of stake in some enterprises had to be promoted over all. Special kind of financial business had to be tried in selected area. The institutional restructuring at the municipal level had to be promoted while the social security system across the municipality had to be established.

#### **Guangzhou-Shenzhen Expressway Opens to Traffic**

*OW1907095694 Beijing XINHUA in English 0808  
GMT 19 Jul 94*

[Text] Guangzhou, July 19 (XINHUA)—The expressway between Guangzhou and Shenzhen went into trial operation Monday [18 July].

The expressway is the highest in standard in China and the longest in Guangdong Province.

The 122.8 km highway runs from Guangzhou through Zengcheng, Dongguan and Baoan to Shenzhen. It is

wholly enclosed and with overhead crossings. The 33.1 m wide, six-lane highway has a designed speed of 120 kph.

A contract to build an expressway from Guangzhou via Shenzhen to Zhuhai was signed in October 1984 between the Guangdong Provincial Highway Construction Company and the Hopewell China Development (expressway) Company of Hong Kong.

The first stage of the construction began in May 1992, with a total investment of 1.056 billion U.S. dollars and 772 million yuan.

Two-thirds of the construction fund for the expressway was in the form of loans from international banking groups. The other part of the fund was jointly raised by domestic Chinese banks and Hopewell.

With the highway open to traffic, it now only takes 90 minutes to travel from Guangzhou to Shenzhen.

### **Shenzhen Halts 1,273 Projects Violating Regulations**

*HK1807133294 Beijing ZHONGGUO XINWEN SHE in English 0957 GMT 18 Jul 94*

[Text] Shenzhen, 18 Jul (ZHONGGUO XINWEN SHE)—The Shenzhen authorities carried out examination of and inspection on buildings across the municipality in the wake of the collapse of a building in the Longgang district on June 4. Incomplete statistics showed that construction of some 1,273 projects stopped and seven dangerous buildings were demolished.

Some 62 task groups comprising 1,199 technicians and cadres coming from cities, districts, towns and villages under the jurisdiction of Shenzhen conducted comprehensive inspection on construction projects across the municipality. They examined 4,395 projects during the one month campaign. A total of 640 projects were found to commit violation of regulations, of which 518 had to be corrected immediately while 1,273 projects were ordered to stop. Seven dangerous buildings have been demolished and 17 others were found to have been constructed without authorized licenses for design. Among 682 projects undertaken in Baoan district alone, nine projects had no approved designs. Five projects were constructed without prior approval while 554 others have not yet given a permit for construction. Problems were very serious covering projects under construction not in line with regulations, projects without legitimate procedure and poor administration of basic construction especially seen in towns and villages. Approval for undertaking, requisition of land, planning, design, construction and administration involved in some places were almost out of control. Some enterprises hired unqualified workers to undertake projects.

The authorities adopted measures to curb unhealthy trend in the construction sector. They joined force with departments concerned to look into responsibility held

by employer units which were found to have hired unqualified workers. Business license will be revoked if some business units are found not to run business properly or those units receive fees by lending their licenses illegally.

### **Hubei Experiences Overall Development in Agriculture**

*OW1807150694 Beijing XINHUA in English 1352 GMT 18 Jul 94*

[Text] Wuhan, July 18 (XINHUA)—Central China's Hubei Province, one of the country's major producers of grain, experienced an overall development in agriculture in the first half of this year.

According to Deputy Governor Wang Shengtie, the province harvested 472.5 billion kg of summer grain this year, an increase of 100 million kg over last year, and reaped a record output of 961 million kg of rapeseed, up 22.6 percent compared with last year.

The deputy governor attributed the promising prospects in farming to the fact that farmers' initiatives in agricultural production were greatly aroused thanks to the implementation of various measures to support the development of farming and the raising of prices for agricultural products.

At the same time, diversified economy in rural areas, rural industry and private economy have been developing fast in the province.

The deputy governor said that the target of achieving 31 billion yuan in output value for the diversified economy for this year, which was set by the provincial government early this year, will not be difficult to be realized.

For instance, in the first five months, rural industrial enterprises generated an output value of 26.9 billion yuan, up 89.96 percent compared with the corresponding figure for last year.

The province also harvested 12.5 million kg of spring tea and 7.5 million kg of silkworm cocoons and recorded sharp increases in the output of fresh vegetables, livestock and poultry, and aquatic products.

Income for local farmers increased significantly. In the first half of this year, farmers in the province saw an average increase of 100.6 yuan in per capita income.

### **Southwest Region**

#### **Tibet's Danzim Addresses Propaganda Meeting 8 Jul**

*OW1807204794 Lhasa Tibet Television Network in Mandarin 1200 GMT 8 Jul 94*

[Announcer-read report over video by correspondent Xu Chuantong (6079 0278 6639)—from the "Regional News Hookup" program]

[Text] A joint meeting of directors of propaganda departments in southwest China and in autonomous regions inhabited by minority nationalities was held in Lhasa in the afternoon of 8 July. Propaganda department directors from Sichuan, Guizhou, Inner Mongolia, Ningxia, Xinjiang, Qinghai, and Tibet attended.

Chen Hanchang, member of the Tibet Autonomous Regional CPC Committee [TARCC] Standing Committee and director of the TARCC Propaganda Department, chaired the meeting. TARCC Deputy Secretary Danzim attended and addressed the meeting.

The major tasks of the meeting included studying and exploring the new situation and new characteristics of the work to propagandize ideology under the conditions of accelerating the establishment of a socialist market economic system in the new historical period under the guidance of the theory on building socialism with Chinese characteristics; exchanging experiences with fraternal provinces and regions in implementing the national work conference on propagandizing ideology's guidelines and learning from their experiences; continuously summing up and exploring new ideas for the work to propagandize ideology in areas inhabited by minority nationalities; exchanging views on the situation, learning from each other, and conducting joint studies in a bid to promote the work of propagandizing ideology to a new level; making joint efforts to accomplish the historical mission—arm the people with scientific theories, guide them with correct public opinion, mold them with a noble spirit, and inspire them with excellent works—raised by General Secretary Jiang Zemin; promoting healthy development of the building of spiritual civilization; and working hard to enable the work to propagandize ideology to better serve economic construction.

First of all, on behalf of the TARCC, Deputy Secretary Danzim expressed warm congratulations for the meeting's convocation and warmly welcomed delegates and distinguished guests who had come a long way to attend the meeting.

After briefing the meeting on Tibet's geographical location, natural resources, and great achievements scored in economic construction since the Third Plenary Session of the 11th CPC Central Committee, Danzim pointed out: This year is a crucial one for Tibet to carry out sweeping reform and accelerate the establishment of a socialist market economic system. The Tibet Autonomous Regional People's Government [TARPG] has adopted a series of plans for deepening reform and has drawn up a series of policies and measures for opening up Tibet's doors wider to the outside world. When reforming the economic system, Tibet must adhere to the criteria of the productive forces, seize favorable opportunities, promote the overall economic situation, achieve breakthroughs at major points, be consistent with the framework of the whole nation, converge with its [economic] system, proceed from Tibet's reality, take prompt action, adopt flexible policies, and take safe steps. Tibet must make the various tasks to be fulfilled

this year serve the overall situation of reform, development, and stability and put reform at the center of all its undertakings.

He said: While paying attention to promoting economic development, reform, and opening up, we must always treat the fight against splitism and the stabilizing of the situation as important matters and handle them accordingly. The struggle between splitism and antisplitism is a protracted, sharp, and complicated one in Tibet. We must not lower our guard. He hoped delegates from fraternal provinces and regions would pass on their valuable experiences and practices so that Tibet and fraternal provinces may understand and learn from each other, continuously raise the level of the work to propagandize ideology in areas inhabited by minority nationalities, and make new and greater contributions to these areas' economic development, social stability, and prosperity.

Xi Yifang, member of the Sichuan Provincial CPC Committee [SPCC] Standing Committee and director of the SPCC Propaganda Department; (Zhang Huaiwu), executive deputy director of the Ningxia Hui Autonomous Regional CPC Committee Propaganda Department; and (Fu Liangxiao), deputy director of the Qinghai Provincial CPC Committee Propaganda Department, spoke at the meeting.

(Qin Jie), deputy director of the TARCC Propaganda Department, briefed delegates on the basic situation of the propagandizing ideology work in Tibet.

Before the meeting opened, Gyaincain Norbu, deputy secretary of the TARCC and chairman of the TARPG; Guo Jinlong and Danzim, deputy secretaries of the TARCC; Chen Hanchang, member of the TARCC Standing Committee and director of the TARCC Propaganda Department; and Cering Sangzhub, vice chairman of the TARPG, cordially called on delegates at their quarters.

### Tibet Holds Symposium on Ideological Work

*OW1807115594 Lhasa XIZANG RIBAO in Chinese  
4 Jul 94 p 3*

[“Roundup” by Deng Zhujia (6772 2612 1367): “The First Tibetan Symposium on the Theory of Leading Bodies’ Ideological and Work Style Building”]

[Text] Recently, the Tibetan Autonomous Regional CPC Committee's organization department and party school jointly held in Lhasa a regional symposium on the theory of leading bodies' ideological and work style building, the first of its kind in Tibet. More than 80 people attended, including leading comrades in charge of party building from the region's prefectures, cities, bureaus, departments, and colleges; as well as experts, professors, and theoreticians engaged in theoretical research on party building. Ninety papers were presented at the symposium. The following is a roundup of major topics discussed at the symposium:

### **1. On the Issue of Enhancing Awareness of Leading Bodies' Ideological and Work Style Building in the New Situation**

Participants believed: The situation of ideological and work style building in our region's leading bodies is generally good. Leading bodies at all levels have played a major role in economic construction and in the struggle against separatism. Still, there are problems that cannot be ignored. First, our theoretical standards are generally not very high. Second, some leading bodies and cadres are not career-minded and lack a strong sense of responsibility. Third, a number of leading bodies are afflicted with serious internal friction [nei hao yan zhong 0355 5088 0917 6850] and a lack cohesiveness and ability to resolve their own problems. Fourth, some leading cadres are superficial in their work style, and they fail to work in a down-to-earth manner. Fifth, some leading cadres are dishonest, abusing power for personal gain and trading power for money. Sixth, a small number of cadres have failed to firmly establish a Marxist viewpoint toward nationalities and religion, their understanding has been blurred, and they have assumed an ambiguous attitude in the struggle against separatism.

Participants believed: This condition is incompatible with the demands of the new situation and task and with what the masses expect of our leading bodies. We must take a serious, solemn attitude toward these problems, which exist in our leading bodies' current ideological and work style building, and we must enhance our awareness of the importance and urgency of the leading bodies' ideological and work style building. We must soberly realize that strengthening our leading bodies' ideological and work style building is urgently needed if we want to accelerate the region's reform, opening up, and economic construction; that it serves as a fundamental safeguard for winning victory in the struggle against separatism; that it is essential to raising the standards of our leading bodies; and that it is an important means to strengthening party leadership and consolidating and strengthening the CPC's ruling party position. Party organizations at all levels must approach the task of strengthening the leading bodies' ideological and work style construction as a matter vital to the survival of the party and the success of our socialist cause, soberly realize the seriousness and harmfulness of existing problems, enhance our sense of responsibility and urgency, place the task in the priority list of party building, and earnestly and successfully carry it out.

### **2. On the Question of Strengthening Ideological and Theoretical Construction**

Participating comrades believed: Theory serves as a guide to practice. The heart of our leading bodies' ideological and work style building lies in ideological construction. The current task in ideological and theoretical construction is to use Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to arm the party's leading bodies and cadres at all levels.

Some comrades pointed out: Our current efforts in ideological and theoretical construction are not enough and leave much to be desired. This is mainly because of the following: Some leading cadres failed to successfully rectify the distorted and erroneous views on Marxism and socialism left from history, and this constitutes a serious obstacle to learning the theory of building socialism with Chinese characteristics; the longstanding practice of emphasizing situation and policy education to the neglect of basic theoretical study has developed into a habit and, as a result, many leading cadres have a weak theoretical foundation, lack basic theoretical training, and are liable to be biased in tackling concrete issues; the theory of building socialism with Chinese characteristics has not widely become conscious understanding among cadres, and its place in ideological and theoretical construction needs to be made more prominent; and ideological and theoretical construction lacks specific goals, feasible measures, and systematized and standardized consideration.

In light of the above-mentioned development, participants at the symposium proposed: To build a successful leading body, we must carry out its ideological and theoretical construction. We must focus on and serve the needs of economic construction and modernization in carrying out ideological and theoretical construction. We must use the theory of building socialism with Chinese characteristics to arm the ranks of cadres. Leading comrades should take the lead in studying and applying this theory and use it to arm themselves and guide their action. We must replace the past unitary, obsolete method of relying on studying and education to acquire knowledge. We must place leading cadres at all levels in the great wave of reform and opening up and in the practice of anti-separatist struggle to raise their ideological and theoretical standards and improve their ability in directing the modernization drive, running the party, and governing the region. We must establish a clear goal in ideological and theoretical construction and set up a motivation mechanism. The goal of ideological and theoretical construction must be clear and specific. We must make ideological and theoretical achievement a mandatory criterion in evaluating leading cadres' performance and determining their promotion or demotion so as to motivate them toward improving their ideological and theoretical standards. We must uphold and implement the ideological line of "emancipating the mind and seeking truth from facts" and make it the key to starting our region's reform, opening up, and economic construction. We must replace the traditional way of thinking and acting and go deep into the realities of life to conduct investigation and study. We must make constant efforts to overcome the metaphysical mentality of mechanically copying the interior's experience, the negative thinking of emphasizing only Tibet's special circumstances, and the inertia of relying on outside help. We must proceed from reality in everything we do, adjust our work mentality, formulate a development path and strategic goal

suitable to our region's reality, and adopt feasible measures to truly push Tibet's reform and opening up to a new stage.

### **3. On the Issue of Upholding the Party's Democratic Centralism, Strengthening Inner-Party Unity, and Safeguarding Party Integration**

Democratic centralism is the party's basic organizational principle and system and one of the party's fine work styles and traditions. Under the conditions of a socialist market economy, particularly in enterprises where the system of director (managerial) responsibility is in force, do we need to implement democratic centralism? A viewpoint in society holds that democratic centralism "creates additional procedures," "adds more bosses," "causes unnecessary wrangling," and "creates obstacles," regarding it as "unnecessary," particularly in enterprises where the system of director's (managerial) responsibility is in force. Participants at the symposium affirmed democratic centralism. Their reasons are: First, democratic centralism helps restrict power and is capable of effectively stopping power corruption, thereby creating a fine social environment for reform and opening up. A fine social environment and a good state of mind among the masses are bound to help improve efficiency in all sectors. Second, democratic centralism helps make the best policy decisions and contributes to unclogging policy enforcement channels, which is essential to improving efficiency in every policy enforcement channel. From the perspective of making policy decisions, democratic centralism seems to be a bit slower than the system of "one person alone having the say" and the "patriarchal system." However, it helps draw on collective wisdom and absorb all useful ideas in making policy decisions, thereby greatly reducing the chances of policy mistakes, improving work efficiency to the maximum, and sharply raising economic efficiency. Therefore, the deeper we carry out reform and the wider we open ourselves to the outside world, the more we need to implement democratic centralism.

Participating comrades believed: In implementing democratic centralism, we must focus on resolving the question of subordinating partial interests to general interests. The promulgation of reform policies, measures, and programs in the course of reform and opening up will inevitably affect the interests of all sectors. We must strictly forbid the practice of cliquism and the development of measures designed to counter the policy of the higher authorities. We must firmly implement the principles and policies of the party Central Committee and the State Council and ensure strict enforcement of orders and prohibitions.

### **4. On the Issues of Upholding the Fine Tradition and Work Style of the Party and Establishing Close Ties Between the Party and the People**

Comrades present at the meeting are of the opinion that the fine tradition and work style of the party, which have been formed during the long course of revolutionary struggles, are our magic weapon to defeat the enemy and

win victory. Under the situation of building a socialist market economy and particularly under the acute and complicated situation of the anti-separatist struggle, it is even more necessary for us to insist and carry forward the fine tradition and work style of the party.

As far as these issues are concerned, some vague understandings prevail in society. Some people hold that the effort to continuously enhance people's living standards through increasing productivity is antagonistic to the fine tradition of hard work, that the drive of reform, opening up, and absorbing useful experiences from foreign countries is antagonistic to the principle of self-reliance, that the implementation of the plant director (manager) responsibility system is antagonistic to the democratic centralization system, that the study of theory is antagonistic to the performance of actual work, and that the promotion of democracy is antagonistic to the practice of criticism and self-criticism. These are problems that can severely affect the party and the general mood of society. We must pay great attention to these problems and adopt effective measures to solve them. To solve these problems, some comrades believe that we must adopt the following measures: First, it is necessary to strengthen the effort to educate the people so that they can gain a communist world outlook, foster their faith, strengthen their sense of importance of being civil servants, and boost their morale of serving the people wholeheartedly. Second, it is imperative to maintain a correct orientation of public opinions, and launch an extensive propaganda campaign so as to create a social environment beneficial for upholding and carrying forward the fine tradition. Third, in light of the progress of social development, we should bestow the content of the times on the fine tradition and work style. We should advocate and form new social morale. Fourth, we should establish and improve a system which serves to maintain close ties with the people. We should supervise the cadre-people relations through this system.

### **5. On the Issues of Combating Corruption, Maintaining the Initiative and Purity of the Party, and Enhancing the Cohesive Force and Combat Effectiveness of the Party**

Comrades present at the meeting believe that while the drive to reform, open up to the outside world, and establish a socialist market economy presents new opportunities to economic development and social stability in our region, it also puts forward a grave challenge. Viewed from the development of the society, a strange historical circle of "prosperity and decline" exists for any dynasty or regime. No single regime or dynasty—whether they are ancient or modern, Chinese or foreign—can escape the destiny of being dominated by such a "rule of prosperity and decline circle" which can be attributed to the corruption caused by power. It stands to reason that leading comrades of the party and men of insight without party affiliation admonish time and again that "the life and death of the party hinges on the issue of the party's work style."

At present, the infiltration of a Western sense of value and life style, as well as the appearance of social evils together with the corruption propagated under such a circumstance bring about incalculable negative effects to our society. There is a dangerous possibility that our socialist society will erode and decay if we fail to pay great attention to these problems. Therefore, we should have a full understanding about the danger of these problems. Never shall we treat them lightly. But, at the same time, we should not lose our faith. We should carry out the anticorruption struggle justly, forcefully, and resolutely.

The anticorruption struggle is a protracted and arduous task. Some comrades believe that at present we should focus on two points: First, leading cadres should try to be men of integrity and self-discipline, set an example with their own conduct, and subject themselves, their children, and people around them to discipline. Second, they should be brave in performing their duty, adopt effective measures, and focus on some outstanding problems. They should avoid being too soft or too lenient. They should try to win the trust of the people with their real actions. Some comrades maintain that, in fighting against corruption, it is necessary to have a scientific attitude and a comprehensive and systematic plan. They believe that we must be mentally prepared for a long-term struggle against corruption. We must, first of all, conscientiously study anticorruption theory. We must base our actions on the theory and avoid being unrealistic and passive. Second, we must pay attention to the fundamental control of the problems. To fight against corruption, we must take preventive measures. Efforts should be made to find the roots of corruption. Third, it is imperative to establish and improve a legal system which serves to control the overexpansion of power and to check the corruptions caused by power abuses. We must select able men for government service and prevent the ill practice of favoritism. In addition, it is necessary to absorb useful anticorruption experiences—whether they are ancient or modern, Chinese or foreign, and conduct a comprehensive anticorruption struggle. We must consider the problems from all viewpoints and use the legal system as a guarantee for carrying out our drive. In this way, corruptive phenomena, a kind of cancer in political life, can be completely abolished.

The anticorruption struggle is a protracted, arduous task. Some comrades hold that we should emphasize two points at present. One is that leading cadres should be honest, exercise self-discipline, and set an example for their children and aides. The other is that leading cadres should have the courage to deal with corruption cases, and adopt effective measures to concentrate on solving major problems. We should not be too soft and lenient. We should take action to deal with the problem and win the people's trust. Some comrades believe that in opposing corruption, we should take a scientific approach, make overall and systematic arrangements, and establish the notion of waging a protracted struggle. First, we should seriously study anticorruption theories,

use the theories in guiding our work, and avoid blindness and passiveness. Second, we should pay attention to getting at the root of the problem, make efforts to explore the root cause, and prevent the problem from happening. Third, it is necessary to establish and improve the legal system and apply the law in restricting one's power and curbing corruption. It is necessary to appoint people on their moral integrity and ability and prevent irregularities in personnel affairs. In addition, we should draw on all useful ancient and modern experience and lessons, both Chinese and foreign, in the anticorruption struggle and make comprehensive efforts to deal with the problem. If we consider the problem from all angles and deal with it according to law, we are completely capable of eradicating the corruption problem which is like a cancer long existing in our political life.

#### **6. On the Issue of Emancipating the Mind, Improving the Style of Work, and Performing Actual Deeds**

The practice of reform and opening up in this region has proved that a leading body can create a new situation of its work only after it emancipates its mind and enhances its vigor. To emancipate the mind, change concepts, and improve the style of work is an inevitable demand of the socialist market economy. Market economy is characterized by openness, competitiveness, riskiness, independence and efficiency; and these characteristics of market economy require our leading bodies and leading cadres at all levels to abolish the conservative thinking of sticking to conventions, as well as the outworn concept of being content with the status quo and being in a state of inertia. We should smash all bonds of old thinking and old habits which violate the law of economics. We should establish the new thinking of daring to pioneer and the new concept that both manpower and material resources are put to the best possible use, people of ability are promoted to leading posts while mediocre persons step down, and the weakest goes to the wall. We should change our way of thinking and behavior, and have the courage to blaze new trails, hack our way through difficulties and work for social and economic development, for the progress of the mankind, and for the people's happiness.

The comrades present at the meeting said: In order to improve our style of work, we should pay attention to three questions. First, we should consider reality in doing everything and overcome book worship and dogmatism. We should not do only what the book says, nor should we do merely what the superior says. We should seek truth from facts. We should make it a general practice to conduct investigation and study, seriously analyze the situation of Tibet, our locality and our department, and find out the present major problems and the ways to solve them. Second, we should keep close contacts with the masses and overcome bureaucracy. The essence of bureaucracy is acting as bureaucrats and overlords, divorcing from and standing high above the masses. In light of this essence, we should educate cadres to establish the notion of serving the people and enhance their sense of being public servants.

We should adhere to the mass line—from the masses, to the masses. We should listen to the masses' voice, be concerned about their well-being, reflect their aspirations, and identify ourselves with them at all times. We should resolutely overcome the bureaucratic work style which makes ordinary people "difficult to get into government office, see amiable officials, and have problems solved there," and which is characterized by shirking responsibility and being dilatory in doing things. We should immerse ourselves among the masses, go down to grass-roots units and pastoral areas, and earnestly overcome difficulties and solve problems for the masses. We should do a thorough and meticulous ideological work to make the masses aware of the necessity of reform and opening up, of accelerating the development, and of the antiseparatist struggle. Third, we should perform actual deeds and overcome formalism. While things must be done in a certain manner, we must not practice formalism. In the past, formalism brought a great deal of suffering to us. People told lies, did superficial work, sought only a pretty appearance, deceived both their superiors and subordinates, wasted a great deal of manpower, material, and financial resources, and made no progress in practical work. While we are carrying out reforms, opening our country to the outside world, and stressing practical results, and while the situation of the antiseparatist struggle is acute and complex today, we must abandon formalism—a childish thing of low taste—and advocate telling the truth, performing actual deeds, and yielding practical results. We should seriously solve our problems one by one, do our work well in all fields, develop the economy, and carry the antiseparatist struggle through to the end.

The comrades present at the meeting said: In performing actual deeds, we should pay attention to the principal contradiction. In this region, to carry out reforms, open up to the outside world, develop the economy, wage the antiseparatist struggle, and stabilize the situation is the general task of the whole party, as well as the purpose of our efforts to emancipate the mind and improve the work style of the leading bodies. In reform, opening up, and economic construction, we should seriously implement the principles and policies formulated by the party Central Committee and the Autonomous Region to promote reform and opening up, as well as the relevant measures, laws and regulations promulgated by them recently. We should coordinate the work of all departments and make progress in economic development. While correctly understanding the importance of developing the economy and stabilizing the situation, we should regard the antiseparatist struggle as a very important task. We should firmly adhere to the basic line of "one central task and two basic points," take full advantage of the special and preferential policies granted us by the central authorities, liberate and develop productive forces, accelerate the pace of our economic construction, and gradually narrow the gap between us and the interior and coastal provinces and municipalities and between us and other regions of minority nationalities. We should make progress in economic development and make the

people become well off and enjoy tangible benefits, so that they will feel the warmth of the big family of the motherland. This is the most convincing and most effective way for us to defeat the separatist forces.

## North Region

### Beijing Addresses Input Shortage in Foreign Ventures

HK1707073594 Beijing ZHONGGUO XINWEN SHE  
in English 0605 GMT 16 Jul 94

[Text] Beijing, 16 Jul (ZHONGGUO XINWEN SHE)—The Beijing Administrative Bureau of Industry and Commerce requested that foreign-funded enterprises had to have their registered capital in place as scheduled, a move in response to a low input of contracted capital from the foreign side of a foreign-funded enterprise which in turn had ill effects on normal operation. The municipality made use of foreign capital of US\$ 647 million in the first five months of this year, four times the amount registered in the same period last year. Input of capital into foreign-funded enterprises reached 66 percent of the total pledged investment, higher than the average 50 percent across the country.

Foreign-funded enterprises proceeded at a fast pace in China in recent years. Take Beijing for example, there are 8,789 foreign-funded enterprises approved in the municipality with a total pledged investment of US\$ 21.918 billion as of late last June. Direct foreign investment made up US\$ 12.018 billion. As foreign-funded enterprises grew in number, the actual input of capital from the foreign side was not great. Operation of such enterprises received serious impacts because of foreign capital not in place. Some foreign-funded enterprises still enjoy preferential treatment even though they suffer from such shortage of input of capital.

The administrative bureau adopted some effective measures to make investment in proper place as scheduled. A temporary business license will be issued to a particular enterprise while the formal one will be issued so long as the registered capital is in place as scheduled. A practice will be employed to set a deadline for the input of capital. Enterprises which fail to put contracted capital in place will have their business license revoked.

Registered capital of 7,776 foreign-funded enterprises in Beijing municipality totalled US\$ 11.355 billion as of late last May. About 6,637 out of them had to meet the due date to put in place capital valued at US\$ 8.53 billion according to contracts. The foreign side made up US\$ 4.73 billion. The accumulated input of capital amounted to US\$ 8.53 billion, of which the foreign side accounted for US\$ 2.88 billion, showing an input rate of 66 percent of the total investment and registering a gain of 11 percentage points over that of late last year. About 169 foreign enterprises had their business license cancelled in Beijing municipality because they failed to meet the deadline to put registered capital in place.

**Beijing Speeds Up Major Projects Ahead of National Day**

*HK1807033094 Hong Kong SOUTH CHINA MORNING POST in English 18 Jul 94 p 9*

[By Geoffrey Crothall in Beijing]

[Text] Work on nearly all Beijing's major construction projects has been speeded up to ensure they are completed by October 1, the 45th anniversary of the founding of the People's Republic of China. The completion of all major projects by October 1 has been made a top priority by the Beijing Municipal Government as a means of demonstrating the "great achievements" made by the Communist Party and Government over the past 45 years, analysts said.

"They want to have some concrete achievements to show off rather than just hold a big parade as has been done on other major anniversaries," a local political analyst said. "Besides, big parades tend to remind people of the Cultural Revolution, something the party is anxious to avoid nowadays," the analyst said.

The most important and prestigious anniversary project is the renovation of the Great Hall of the People, adjacent to Tiananmen Square, which was originally built in 1959 to commemorate the 10th anniversary of the People's Republic of China. The vast, Stalinesque monolith took just 10 months of intensive labour to complete in 1959 and is in urgent need of a major overhaul—of the facade and the interior. The renovators have reportedly been given an unlimited budget by the Government and are sparing no expense.

Work on the subway station, which will link the Great Hall to other key locations along the Avenue of Eternal Peace, has also been accelerated. The new line, which will link Fuxingmen and Jianguomen, is now expected to be finished in time for the national day celebrations.

Several new government buildings, including the Ministry of Communications and the All China Women's Federation, are going up along the Avenue of Eternal Peace and should be completed in time to give the city's main thoroughfare a completely new appearance by October 1.

**'Active' Purchasing of Autos for Private Use in Beijing**

*HK1807131494 Beijing ZHONGGUO XINWEN SHE in English 1145 GMT 18 Jul 94*

[Text] Beijing, 18 Jul (ZHONGGUO XINWEN SHE)—The purchase of automobiles for private use is active in Beijing this year. As shown in the biggest automobile market of the municipality, the sales volume of sedans is at the top, of which private buyers contribute to half of the sales. Compared with last year, however, individual purchasers accounted for only a third of the monthly sales volume.

Among individual buyers, people in literary and art circles are still most prominent. In recent years, many entrepreneurs have gradually turned to buying sedan as expenditure of daily necessities. Those entrepreneurs living in rural areas take the lead in buying cars because they have abundant car parking space. In addition, the increasing number of returned scientists and technicians from abroad has also formed a consumption force for cars.

At the moment, Santana is welcomed by most individual purchasers because of its reasonable price, its nice outlook and comfortable arrangement. Audi and Toyota also meet the demand of those rich entrepreneurs.

**Beijing Destroys Illegal Audio, Video Products**

*OW1607143194 Beijing XINHUA in English 1259 GMT 16 Jul 94*

[Text] Beijing, July 16 (XINHUA)—A heap of pirated and replicated audio and video tapes and CDs was crushed by road rollers today in the suburbs of Beijing city.

All these illegal products, including 51,100 cassette records, 11,156 video tapes and 3,848 CDs, were confiscated from markets all over the city.

These frauds and replicas not only violated the authors' copyright and the consumers' interests but also polluted the social environment because many tapes were pornographic.

In the first half of this year the market administration of the city waged three movements to crack down upon the illegal pirating and selling of audio and video products. In the period, about 94,220 pieces of such products were confiscated.

**Hebei Secretary Reports Situation to Veterans**

*SK1807100394 Shijiazhuang HEBEI RIBAO in Chinese 3 Jul 94 p 1*

[By reporter Liu Qi (0491 3823): "Hold High the Banner of Reform, Solid Work, and Unity, and Continue to Promote Hebei's Reform, Development, and Stability"]

[Text] On the morning of 2 July, at Yigong Auditorium in Shijiazhuang city, the provincial party committee held a meeting to report the current situation to cadres retired from provincial-level organs. Over 1,000 retired cadres at or above the deputy department level attended the meeting. Also attending were leading comrades of the provincial party committee, the provincial people's congress standing committee, the provincial government, the provincial Chinese People's Political Consultative Conference [CPPCC] committee, and the provincial military district as well as leading comrades of various prefectures, cities, and provincial-level departments who were studying at the party school under the provincial party committee.

Ye Liansong, deputy secretary of the provincial party committee and governor of the province, first reported on the province's economic situation, major reform measures, and the situation of social stability. He said: In the first half of this year, the province's national economy kept on the relatively good development trend based on last year's relatively rapid progress, and the general state of economic operation was good. Meanwhile, agricultural production was better than last year's, the increase rate of industry tended to slow down, fixed assets investment declined, market supply was stable, foreign export trade increased steadily, financial revenues went up rapidly, savings deposits increased substantially, various reform measures proceeded vigorously and smoothly with remarkable results, and society and politics were stable, thereby resulting in a good and stable general situation. On behalf of the provincial party committee and the provincial government, Ye Liansong sincerely hoped that veteran leaders, cadres, and comrades would continue, as always, to care about the work of the province and to help the province do all the work well.

Xu Yongyue, deputy secretary of the provincial party committee, reported on the major tasks on the political and judicial fronts as well as the situation on anticorruption campaign.

Cheng Weigao, secretary of the provincial party committee, presided over the meeting. When reporting on the current situation, Cheng Weigao said: Since January last year, when the central authorities decided to readjust the leading bodies of the Hebei Provincial Party Committee, the provincial party committee, the provincial people's congress standing committee, the provincial government, the provincial CPPCC committee, and the provincial military district have jointly initiated a series of major policy decisions and reform measures under the correct leadership and the all-out support of the CPC Central Committee and the State Council. This year, the tasks on the province's reform and development are very arduous. In line with the general task on the work of the whole party known as seizing the opportunity, deepening reform, expand opening, promoting development, and maintaining stability, the province has, through a large amount of work, maintained political and social stability, smoothly initiated many reform measures, maintained the trend of sustained, rapid, and sound development, and brought about a good overall situation. The provincial party committee and the provincial government have firmly maintained unanimity with the CPC Central Committee, resolutely implemented all orders and decrees issued by the CPC Central Committee and the State Council, applied every possible means to handle affairs well and to beef up the province's economic construction and two civilizations. Among the leading bodies of the provincial party committee, the provincial government, and various departments directly under the provincial authorities, most comrades are very hardworking and diligent, thus having scored many achievements and made many contributions.

Cheng Weigao also stressed on the issues of adhering to party spirit and principle and promoting the reform of cadre system. He said: What is the key to developing Hebei even faster and better? The key lies in cadres and in the use of cadres. With regard to the issue of cadres, we have three basic viewpoints: First, one of the most grave problems that will corrupt and harm the party is the unhealthy trend prevailing among cadres. Cadres should be evaluated based on their party spirit and be employed based on their official performances. Such actions as running about seeking an official position, asking for an official position, buying an official position with money, and scrambling for an official position must be opposed resolutely. Second, expertise of cadres should be improved. Cadres should be conscientiously educated to master the theory of building socialism with Chinese characteristics, to enhance the concept on party spirit, to understand the knowledge concerning socialist market economy and modern science and technology, and to embrace the pioneering spirit. Third, all cadres, including leading cadres, should not and cannot eat from a common big pot or from a secure pot. As demanded by the modernization drive, we should not carry out the life-long tenure of leading cadres, still less carry out the policy that leading cadres can only be promoted but not demoted. Cadres who are outstanding should be promoted but those who are incompetent should be dismissed. The provincial authorities will set an example in carrying out these policies. It is hoped that all cadres in the province, including veteran cadres, will support and strictly supervise the province to carry out these policies.

Cheng Weigao said: To implement the principle of evaluating cadres based on their party spirit and of appointing cadres based on their official performance, to straighten out the unhealthy trends prevailing among cadres, and to make cadres more vigorous and enthusiastic, we have gradually adopted since the second half of last year some measures for strengthening and reforming the work concerning cadres. These measures include: In appointing and readjusting cadres, we should not only handle affairs in line with the principle of managing cadres via the party, but should also attach importance to combining the handling of affairs with the appointment of cadres, and should fully listen to and respect the opinions of responsible leaders of the provincial party committee and the provincial government in line with the principle of democratic centralism. When deliberating on readjustment, selection, and assignment of cadres, we should not only discuss this with responsible comrades beforehand, but should also hand over the data of the related cadres to standing committees beforehand so the standing committees will have enough time to think over and understand the concerned cadres. Comrades with and without party affiliation, as well as comrades within and outside leading bodies, are all entitled to recommend cadres to the provincial party committee. However, in judging whether the recommended cadres are qualified and whether they should be appointed, we must follow proper procedures—that is,

such decisions are to be decided by the collective discussion of party committees through conscientious investigation and by hearing the opinions of cadres and the masses. Nobody is entitled to force through the appointment of cadres. Secretaries of leading comrades of the province and various cities are allowed to go to counties (cities) to temper themselves. However, they are not allowed to serve as directors of county party committees and governments as soon as they go to the counties. Only after they undergo a certain period of tempering, undergo organizational examination, and garner the trust and support of local cadres and masses can it be decided whether they should be appointed as directors of county party committees and governments. After the province's 139 counties defined their plans and goals for making the people well-off, and following three months of investigation and deliberation, we have set forth appraising methods as well as incentive and restriction mechanisms for evaluating the official achievements of leading bodies at the county level. To meet the demands of the plan for making the people well-off, we have organized forces to investigate the leading bodies of the first and second groups of counties which have attained their targets, as well as the leading bodies of the 24 counties in mountainous areas of Taihang Shan. In particular, we have organized forces to examine whether top leaders of county party committees are able to lead their leading bodies, cadres, and the masses to attain on schedule the goal of making the people well-off. Those who have failed in this regard should be dismissed by pertinent cities and prefectures. Through investigation and study in the first half of this year, we have already set forth a method to evaluate the practical results of provincial-level organs as well as various cities and prefectures. This method will be further perfected and strengthened in the third quarter of this year, will be discussed and decided by the provincial party committee in the fourth quarter of this year, and will formally be put into effect next year. In providing cadres for leading bodies at the county and township levels, we have not only paid attention to organizing the bodies that are politically qualified, are familiar with the economy, are reasonable in structure, and are harmonious in relations, but also paid attention to selecting good top leaders and making good use of them. Once we are certain of the qualifications of top leaders, their opinions in assigning other cadres should be fully respected. For leading bodies at the county and township levels, sufficient powers should be given, responsibilities should be clearly defined, sufficient pressures should be imposed, and protection and supervision should be given. We have already started studying and formulating measures and methods to foster and build the ranks of entrepreneurs. We have stressed that organizational departments should further build their ideology and work style, learn about the economy, and be good at judging cadres' contributions and duties based on the tempo and quality of economic development. Organizational departments should impartially select cadres, not exceeding the boundaries of departments and in strict adherence to party spirit and principle. It is forbidden to select cadres

based on emotion and relations, and to replace party policies with emotion and relations.

Cheng Weigao pointed out in conclusion: Hebei has already wasted much time due to several reasons. Such a waste has brought many difficulties to today's development. Today, when the entire country's national economy develops in a sustained, rapid, and sound manner, Hebei must make doubled efforts to catch up with the others. The vast numbers of party members, cadres, and the masses, as well as all veteran comrades and veteran cadres, should extremely cherish the hard-won stability and unity as well as the situation of rapid development. This requires us to meticulously seize the opportunity of reform and development, to closely rally around the CPC Central Committee with Comrade Jiang Zemin as the core, and to make concerted efforts to successfully carry out all undertakings of the province. We should hold high the banner of reform, the banner of solid work, and the banner of unity to further push forward Hebei's reform, opening up, and development.

Attending the report meeting were provincial leaders Chen Yujie, Lu Chuanzan, Han Shiqian, Han Licheng, and Zhao Jinduo. Also attending were Zhang Shuguang, Xie Feng, and Yin Zhe, who have held major leading posts within the province.

### **Wei Jianxing Encourages Hebei Anticorruption Struggle**

*OW1607132694 Beijing XINHUA Domestic Service in Chinese 1214 GMT 2 Jul 94*

[By HEBEI RIBAO reporter Hao Shaojun (7281 4801 0689) and XINHUA reporter Wang Wenhua (3769 2429 5478)]

[Text] Shijiazhuang, 2 Jul (XINHUA)—Wei Jianxing, member of the CPC Central Committee Political Bureau and Secretariat, secretary of the Central Discipline Inspection Commission, and chairman of the All-China Federation of Trade Unions [ACFTU], made an investigation-and-study tour in Hebei from 22 June through 2 July. He pointed out during the tour that while focusing on economic construction, the fight against corruption must proceed in a deep-going, sustained, and more effective [shen ru chi jiu gen you cheng xiao 3234 0354 2170 0036 2577 2589 2052 2400] manner. He said: In the immediate future, we must intensify the efforts in handling criminal cases and concentrate on investigating major economic crimes, making sure that noticeable results will be achieved during the next six months, especially during the next three months. Meanwhile, we must continue the efforts to ensure that leading cadres conduct themselves ethically and correct their misconduct. We must be good at making the fight against corruption a routine operation, and we must develop a scientific operating order through establishing all kinds of supervisory mechanisms against corruption so that the fight against corruption can go deep surely and firmly.

In addition to having informal discussions with discipline inspectors and supervisors in Shijiazhuang, Baoding, and other places in Hebei, Wei Jianxing also inspected some enterprises to familiarize himself with the new situations and new problems in fighting corruption during the course of building a socialist market economic system. He also heard briefings given by the Hebei provincial party committee and the provincial government on promoting party and government ethics.

Wei Jianxing said: The three requirements that the party Central Committee put forth last year for fighting corruption are practical requirements which should be firmly carried out this year. He emphasized that leadership over the handling of criminal cases must be intensified, and that all regions and departments must draw up plans and measures for dealing with major cases concerning corruption, bribery, financial fraud, smuggling, and serious financial and economic misconduct. Meanwhile, we must continue the efforts to ensure that leading cadres conduct themselves ethically and correct their misconduct. Cadres' self-inspection and self-discipline should proceed together with party organs' rechecking and the masses' supervision. Proceeding from practical needs, we should screen and correct certain trades' misconduct to which the masses have responded strongly. We should persistently deal with conspicuous problems one or two at a time until results have been achieved.

Commenting on enterprises' situations, Wei Jianxing said: While the fight against corruption should give priority to party and government organs, leading cadres of enterprises must also conduct themselves ethically and exercise self-discipline and abide by the law. Enterprises must also establish and strengthen their restraining mechanisms. Supervision from discipline-inspection and supervisory departments should be integrated with supervision from workers' congresses, full-time supervision should be integrated with supervision from workers, and supervision from higher authorities should be integrated with supervision from grass-roots units.

During his tour in Hebei, Wei Jianxing also chaired and attended the third session of the 12th ACFTU Presidium and the national workers conference on democratic management—meetings which took place in Shijiazhuang 23-26 June. He also had informal meetings with trade union cadres after the meetings. Wei Jianxing stressed the need to arm trade union cadres' minds and to guide trade union operations with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics.

#### **Hebei Governor Details Efforts To Improve Infrastructure**

OW1807140794 Beijing XINHUA in English 1316  
GMT 18 Jul 94

[Text] Shijiazhuang, July 18 (XINHUA)—Northern China's Hebei Province is to raise huge funds for the

construction of transport, telecommunications and electric power facilities in a bid to boost the province's economy.

Hebei Provincial Governor Ye Liansong told XINHUA that Hebei is to raise some 140 billion yuan in the coming decade through government funding, bank loans and foreign investment for the construction.

"All infrastructural projects and basic industry projects will be open to foreign investors," he said. "Some of the projects will be completed in three to four years, but some may take a longer time."

Hebei will participate in the construction of the second west-east railway to transport coal from Shuozhou in Shanxi Province to Huanghua port. The railway has been placed on the list of state key projects.

More expressways passing through the province will be built and sea ports in Qinhuangdao, Tangshan and Huanghua will be renovated or built in the coming few years. Airports near Shijiazhuang, capital of the province, Shanhaiguan and Handan cities will be expanded too.

In addition, the province will update its telecommunications facilities. Urban telephone networks are expected to top 1.80 million lines this year, compared with one million lines last year. Microwave telecommunications lines will be built from Shijiazhuang to Tangshan via Hengshui and Cangzhou cities.

Five more optical fiber cable lines will be laid in addition to the Hebei section of the Beijing-Hankou-Guangzhou line, the Beijing-Shanhaiguan-Shenyang-Harbin line, the Beijing-Taiyuan-Xian line, the Beijing-Hohhot-Lanzhou line and the Qinghuangdao-Chengde-Zhangjiakou-Shijiazhuang line.

Rural telephone service, mobile phone service and visual phones will also be energetically promoted, according to the governor.

The province will build more electric power plants in a number of cities including Shijiazhuang, Xibaipo, Hengshui, Qinhuangdao, Zhangjiakou, Sanhe, Huanghua and Jingtang port. By the year 2000, another nine million kilowatts will be added to the existing electric power plants to ease the province's power shortage.

The governor said that basic industries in the province, such as textiles, iron and steel, construction materials and chemicals, will be expanded in the coming few years.

The province, covering a land area of 187,700 square kilometers and with a population topping 63 million, is a major agricultural province in northern China.

**Hebei Trains First Group of Armed Forces' Cadres**

*SK1907080694 Shijiazhuang HEBEI RIBAO in Chinese 3 Jul 94 p 1*

[Text] The 159 students of the first class of the provincial people's armed force school graduated from and left the school on 2 July.

The provincial people's armed force school is a two-year-term secondary specialized school in charge of training (full-time) armed forces' cadres. Some graduates of the first class are of outstanding squad leaders retired from the army and some are graduates from local senior middle schools. After the graduation, they will replenish the vacant posts on the armed force front in the province.

**Daily Makes Donation to Bankrupt Hebei Factory Staff**

*HK1907085294 Hong Kong EASTERN EXPRESS in English 19 Jul 94 p 9*

[By Bruce Gilley]

[Text] Communist China's newspaper for the labouring classes, the WORKERS' DAILY [GONGREN RIBAO], celebrated its 45th anniversary on Friday by handing out money to poverty-stricken staff of a failed shoe factory in Hebei province. About 75 workers of the Number Two Cloth Shoes Factory in Zhangjiakou city have been in extreme poverty for the past year since the state-owned company failed. Unemployment payments of 50 renminbi [Rmb] (about HK\$44) a month have been made under a "self-salvation" programme organised by the company trade union. The city's poverty line stands at Rmb110 per month.

The newspaper, which is under party control but run by the national trade union, the All-China Federation of Trade Unions (ACFTU), made a donation of Rmb100,000 to help restart production. "The newspaper staff wanted to do something of significance for their anniversary," said an ACFTU official. "They thought it would be inappropriate to hold a sumptuous party in Beijing given the poor situation of many state enterprises," he said.

Zhangjiakou was chosen because it is a former revolutionary base of the Chinese Communist Party and because about half the state enterprises there have halted production or gone bankrupt, the official said.

The donation is the first received by the ACFTU's "send some warmth project", founded in April to help straitened workers of state enterprises which have halted production or been declared bankrupt. The project has been hampered by competition from the "Hope Project", a welfare campaign run by the Chinese government to help build schools and train teachers to educate children in deprived areas. "It's easier for the people to

sympathise with ill-educated children than with unemployed grown-up workers. The ACFTU has had great difficulties arousing enthusiasm for this project," the official said.

Trade unions in China handed out Rmb600m [million] to needy workers in the first two months of this year. The Workers' Daily donation to the Zhangjiakou factory is expected to raise salaries to Rmb200 a month and restart production. The local government has agreed to reduce taxes on the factory for a year. To ensure the factory does not dive straight back into the red, technological assistance will be provided under a pairing arrangement with the highly-profitable state-run Double Star Shoes Factory in Qingdao, Shandong province.

Wang Hai, the president of the company, will run management seminars at the plant and help transfer technology. "Wang is very famous. We hope his management style will have some effect on the thinking of the people and the government in Zhangjiakou," the official said.

**Tianjin Tanggu District's Deputy Head Arrested**

*SK1807032294 Tianjin People's Radio in Mandarin 2300 GMT 17 Jul 94*

[Text] With the great support and close cooperation of the municipal discipline inspection commission and the Tanggu District party committee, the branch of the municipal people's procuratorate cracked the extraordinarily serious bribe-taking case relating to (Yao Junhua), deputy head of Tanggu District.

At his convenience of taking charge of Tanggu District's urban construction work, the defendant, named (Yao Junhua), accepted several hundred thousand yuan worth of bribes. With this act, he was guilty of bribery.

On 2 July, the procuratorate arrested (Yao Junhua) according to the laws. Now, the Tanggu District people's congress standing committee has made a decision to dismiss him from the post of Tanggu District's deputy head. This case is under further investigation.

**Northeast Region****Northeastern Provinces Seek Agricultural Investment**

*OW1707144094 Beijing XINHUA in English 1417 GMT 17 Jul 94*

[Text] Shenyang, July 17 (XINHUA)—The three provinces in northeast China, namely Heilongjiang, Jilin and Liaoning, have all drawn up preferential policies to encourage foreign businessmen to invest in agriculture in the area.

In Heilongjiang, for example, foreign businessmen are allowed to contract to develop land plots in designated zones for a period of less than 50 years. Also, they are encouraged to invest to reclaim waste land.

Xiao Zuofu, vice-governor of Liaoning Province, said that Liaoning Provincial Government has decided to set aside several agricultural zones for foreign investors. Meanwhile, a provincial pilot agricultural zone will be set up in Jinxi city to attract foreign funds and technology.

Jilin Province has also listed a batch of agricultural projects for foreign investors.

Strategic emphasis in the country's agricultural development will be placed on northeast China in the coming years, as agricultural development in southern China has almost reached its limit, an authoritative economist here pointed out.

Northeast China has a favorable climate and sufficient sunshine, which are good for growing corn, sorghum, wheat, rice, soya beans, beets, flax and other crops. There is fertile soil and the land is flat, making it suitable for mechanized farming.

Moreover, there are still large amounts of reclaimable waste land, presenting a rare opportunity in today's world. Heilongjiang Province alone has 3.33 million hectares of reclaimable waste land. In addition, the three provinces have 6.6 million hectares of low-yield land to be improved.

These multiple chances for agro-investors have drawn a steady stream of foreign businessmen to invest in or make surveys of agriculture in northeast China.

After making a survey in the area, a businessman from Singapore said that the endless stretches of northeast China plains have unique conditions for agricultural development. With the introduction of advanced technology and sufficient funds, the agriculture in the area will surely be prosperous.

Since the early 1980s, many overseas businessmen from the United States, Japan, Canada, the Republic of Korea and some Southeast Asian countries have come to invest in agriculture in the area.

The Yilan Animal Husbandry Farm, a joint venture between China and the Republic of Korea, is now under construction in Jilin Province. The total investment in the farm will reach 120 million U.S. dollars. The farm is the largest Sino-foreign joint venture in animal husbandry so far. Upon completion of construction, the farm, which will consist of 4,500 household stock-raising farms, will annually keep 230,000 head of beef cattle in stock, slaughter and process 60,000 head of beef cattle, and export 130,000 tons of beef.

Construction of the Fujin Touxing Farm, another agricultural joint venture between China and the Republic of Korea, has also started. Located at the Sanjiang plain in the northeast and with a total investment of 230 million yuan, the project is aimed at reclaiming nearly 40,000 hectares of waste land, producing 100 million kilograms of grain.

The Deda Company, a joint venture between Dehui County and the Chia Tai group based in Thailand, is a large enterprise engaged in raising, processing and selling chickens. The investment in the project is 450 million rmb [renminbi] yuan (52 million U.S. dollars). At present, first stage construction of the project has been completed. Upon completion of the entire project, the annual output value of the company will reach 1.5 billion yuan and its pre-tax profits will amount to 250 million yuan.

Many international financial organizations and multi-national enterprises have also turned an eye toward agriculture in northeast China.

After offering 200 million U.S. dollars in loans to develop the Songliao plain in northeast China, the World Bank is planning to offer another batch of loans to be used in reclaiming waste land, improving low-yield land and pastures, and developing the industry of processing farm produce and sideline products, according to sources here.

### Heilongjiang Governor Comments on Halting Deficits

SK1907062894 Harbin HEILONGJIANG RIBAO in Chinese 25 Jun 94 p 2

[Speech by Tian Fengshan, acting governor of the Heilongjiang Provincial Government, at the sixth on-the-spot work-handling meeting on 20 June in Heilongjiang, entitled: "People From Higher Levels Downward Should Make Concerted Efforts To Halt Enterprise Deficits"]

[Text] 1. Economic results should be regarded as a key link and be placed in a prominent position in economic development.

An important guiding idea for resolving many contradictions in the province's economic development is to regard the upgrading of economic results as a key link, and to really penetrate the upgrading of economic results into various aspects of economic work. Over the past years, our province has lagged far behind other provinces, particularly coastal areas, in economic development. The indicators for our backwardness are that our province continues to fall back as regards speed and the level of quality. Fundamentally speaking, this kind of backwardness is related to economic results, the quality of various sectors of the economy, and the quality of the economy as a whole. If we only talk about speed, if we are divorced from the provincial situation in order to blindly compete for speed, or even ignore the central link of economic results in economic development, then Heilongjiang will widen its gap within the economy.

"Grasping favorable opportunities to speed up development" has constantly been stressed since Comrade Deng Xiaoping offered his important talks during his inspection tour of south China, and became an important idea set forth at the 14th party congress. This idea asks us to

fully use favorable conditions, both international and domestic, and to make efforts to develop the national economy at a faster pace on the basis of ceaselessly deepening reform since the third plenary session of the 11th party Central Committee. It is certain this faster development requires a faster speed of development. Simultaneously, what is more important is there must be better economic results. With the target of maintaining a sustained, fast, and sound development of the national economy as set forth by the party Central Committee, we are required to realize the coordination of speed with economic results. Without better economic results, it will be difficult to maintain a sustained and sound development of the economy; there will be no firm foundation for deepening reform; there will be no economic guarantee for developing education, science and technology, and urban construction as well as for improving the people's livelihood; and in the end there will be no faster economic development. Therefore, we may say that we do not know where to begin if we are divorced from economic results. At present, we are particularly speeding up the transition from a planned economic system to a market economic system. The essence of a market economy is that all economic activities are conducted with a view to improving economic results. To meet the requirements for a market economy, we must free ourselves from restrictions inherent in the mode of thinking that has taken shape under the traditional systems, must pay attention to accelerating the pace of development, must attach more importance to increasing economic results, and must regard economic efficiency as a starting point and a standard for judging our economic work. Our development is now characterized by speed and efficiency. Without an appropriate speed of development, there will be no better economic results. Our province registers slow economic increase. In the first five months of this year, some prefectures and cities even showed a negative increase in industrial production; simultaneously, their economic results were also reduced. Objectively viewing the industrial growth situation, we know that speed has a direct bearing on efficiency. We must realistically make efforts to eliminate obstacles from a slow growth rate as soon as possible. At the same time, we should also notice that economic results are greatly different under the same economic speed of development. Particularly due to low management levels, a considerably large number of enterprises suffer major losses in economic results. This indicates that in addition to having a connection with speed, efficiency is also restricted by many factors. Thus we still have something to be accomplished.

Judging from the province's real situation, economic results also represent a focal point of various contradictions cropping up in the economic life. The unsatisfactory economic result, the poor capability of enterprises in technical renovations, the outdated equipment, and the slow step of products' renewal have caused enterprises not only to be short of competitive capability in the market economy but also to encounter difficulties in survival. The shortage of financial resources and the

weakening of capability displayed by governments at all levels in readjusting and controlling the economic development have also adversely affected the input in science and technology and personnel training. The serious outstanding accounts caused by money-losing enterprises for the wages of their staff members and workers have adversely affected the enthusiasm of staff members and workers in production and created a factor of social unstableness. Therefore, dealing with the problems of enterprises' losses represents not only an economic task but also a political one that has a bearing on social stability. We must firmly grasp the center of increasing economic results and make efforts to upgrade efficiency while having the national economy achieve faster development. Only by upgrading the efficiency will we be able to create fine conditions for dealing with so many problems cropping up in the economic development and for further deepening the reform as well as be able to lay a foundation for political and social stability.

The current program of reform is in the stage in which it has been carried out deeply overall. Accelerating the establishment of socialist market economic systems has also created a fine opportunity for promoting economic development. In particular, Vice Premier Zhu Rongji has given a series of important directives to the province's reform and development during his inspection tours in the province, which have helped the province deal with many prominent problems. This is a rare turning point for Heilongjiang to develop its economy. We should seize the opportunity, further discern and straighten out the province's ways of economic development in line with the province's situation, and give priority to the center of economic results when conducting the economic work. We should also regard the center as an important guiding ideology in the economic work, enable every sector in the economic work to be in progress closely according to center of increasing economic results, and apply the center to testing our work and making decisions to take up or give up a work.

Judging from the work of halting deficits, it should be said that over the past few years the provincial party committee and the provincial people's government have attached great importance to the work of halting deficits. Units from top to bottom across the province and various social circles have adopted many measures for the work, done a great deal of the work, and accumulated some experiences. However, the current problems of losses caused by enterprises are very prominent. When studying the work of halting deficits, we must discern the work from the whole situation of "seizing the opportunity; deepening the reform; expanding the opening up; promoting development; and maintaining the stability". We must deal with these problems in line with the guiding ideology of economic work. Only by realistically orienting the economic work as a whole onto the track of increasing economic results will we be able to create a fine macro environment in the society as a whole for dealing with the problems of halting deficits. In addition to conducting our work in a down-to-earth manner, we

will certainly be able to make new improvement in the work of halting deficits and increasing profits.

2. We should further emancipate our minds and persistently apply the ideas and methods of the market economy to dealing with the problems of losses.

Losses caused by enterprises is an old problem and the government has never stopped grasping the work of halting deficits. However, in the actual situation at present losses caused by enterprises have not decreased but have shown an increasing trend year after year. Such a trend raises a question for us or forces us to ponder a question of what ideas and methods should we apply to halting deficits in the course of changing the planned economy into the market one? Now that we are at a meeting to discuss and make work arrangements for halting deficits and increasing profits, we should be clear about the question. Otherwise, it is difficult for us to score great results in the province's work of halting deficits.

I think the appearance of enterprise deficits is unavoidable under the conditions of the socialist market economy. Completely ending enterprise deficits does not comply with the objective law of economic competition. However, as far as some enterprises are concerned, as long as they do their work well, they may find a way out and realize the goal of ending deficits and increasing profits. Then, how do we follow the ideas of the socialist market economy and what methods should we adopt in ending deficits? Speaking ideologically, we must further emancipate the mind and change concepts. In particular, we should ideologically and organizationally readjust the standards of enterprises' actions and their mode of thinking through the accelerated establishment of the modern enterprise system. In solving the problems of enterprises running in the red, we must not be afraid of changing the enterprise character, and may adopt various systems in an enterprise. We must not indiscriminately guarantee the existence of enterprises. The government cannot serve as an "enterprise preservation association."

In the way of grasping this work, we should chiefly pay attention to two aspects. On the one hand, governments at all levels and departments serving as comprehensive economic levers should create a good external environment for deficit-incurring enterprises, strive to reduce interventions, give more services, and enable enterprises to realistically develop in accordance with the market economic demands. We should recognize the basic fact that the quality of leaders and the contingents of technical personnel and workers of our state-owned enterprises, particularly the large and medium-sized enterprises, is much higher than that of the 1950's and 1960's. The reason for the emergence of numerous deficit-incurring enterprises is that, in addition to the factors in the fields of systems and operation, the failure in realistically improving the external environment of enterprises is also an important factor. The "bottleneck" restrictions, such as funds, the aggravating burdens on

enterprises, and the frictions between the old and new systems, have all affected the efficiency of enterprises. Therefore, governments at all levels, particularly all departments entrusted with comprehensive work, and departments serving as an economic lever, should proceed from the overall economic situation, improve management, and strengthen service. All banks must actively support and solve the funding problems of enterprises in the hopes of ending deficits and making their products marketable in line with the demands of the State Economic and Trade Commission and the head office of the People's Bank. The refund to enterprises from the financial departments at all levels must be issued in full and in a timely manner, and the refunds which can be issued earlier must be issued earlier. The taxation departments should discuss each and every matter within their limit of authority permitted by the state policies, and should try their best to help enterprises which hope to end deficits to reduce tax payments. The labor and insurance departments should actively promote reform of the social security system and step up efforts to issue and implement, in particular, our province's "regulations on the unemployment insurance of workers of state-owned enterprises" in an effort to guarantee the smooth progress of the readjustment of enterprise organizational structure. The propaganda departments should organize publicity on the experiences and methods of typical enterprises that succeed in ending deficits and increasing profits and use public opinion to guide enterprises. On the other hand, the pertinent departments and enterprises should fully tap the internal potential, keep their eyes inward, improve internal skills, maintain self-reliance and self-strengthening, and seek development through their own efforts. In this aspect, we must successfully carry out the following four tasks on a priority basis:

A. We should deepen reform and select an operating mechanism that suits the characteristics of our own enterprises. Loss-making enterprises are not enterprises which suffer losses in every aspect and have no advantages and strong points at all. As long as they proceed from reality and find more ways out through reform, they will certainly find a way out of the predicament and embark on a level road. Loss-making enterprises should make the best of their existing factories, equipment, and other conditions for development to expand joint investment and cooperation with foreign countries and other provinces by using their funds and technology and to restructure their internal operating mechanisms and the orientation for the management of products. Based on the relations of different trades, their dependence on cooperation, and the supplies of funds and other essential elements of production, the enterprises with greater difficulties in ending deficits should learn to transfer all their debts payable and debts receivable to the large enterprises or enterprise groups of other localities and other trades that have better strength in line with the principle of voluntary participation and the principle of keeping the nature of state-owned property right unchanged. On the premise that their ownership remains

unchanged, enterprises may lease or contract all or parts of their assets out to collectives or individuals and let the leaseholders and contractors assume full responsibility for their own profits and losses, operate independently, pay taxes according to regulations, pay rents, and ensure the maintenance and the increase in the value of state-owned assets. The basic accounting units should be made smaller, and multiple systems should be adopted at one plant. Scattered and fairly large-scale workshops or sub-plants that produce products independently but suffer losses for a long period may be transformed into legal person units that exercise independent accounting, operate independently, and assume full responsibility for their own profits and losses so that they can be invigorated. Enterprises may be transformed into shareholding cooperative enterprises by converting some assets into shares to be sold to individuals or other enterprises so as to solve the problem of inflexibility of state-owned industrial enterprises' operating mechanism through the change in property right relations. While transforming enterprises' operating mechanism, we should also add impetus to the reform of the three systems of enterprises so that the employment, labor, and distribution systems will suit the new system of the market economy and effectively promote enterprises' improvement of management and efficiency.

B. We should clarify the ideas for development and define the operating strategy compatible with the characteristics of the market economy. In the process of transforming the traditional, planned economy into the socialist market economy, enterprises are changing their status as an appendage of government departments into one as an independent legal person which operates independently and assumes full responsibility for its own profits and losses. Faced with such a change, our enterprises, especially loss-making ones, should change their operating strategy in a timely manner and adopt the viewpoints and methods characteristic of the market economy to arrange production and win a share in the market. Only in this way can they stand firm in the intense market competition. Currently, some enterprises are still neglecting sales to concentrate on production alone and thus are faced with difficulty in marketing because of the outdated technology, unitary variety, high prices, and low quality of their products. Others lack access to information and distribution channels, which results in stockpiles of products, increase of production cost, decline in economic efficiency, and emergence of deficits. All these problems are related to our backward ideas on operation and incorrect operating strategy. In view of such a situation, our enterprises should judge the hour and size up the situation and adjust their development ideas and operating strategy. Based on the market information and development trends at home and abroad, and proceeding from the reality of enterprises, we should change the idea of unitary operation into one of large-scale market, large-scale operation, and large-scale cooperation. We should free ourselves from the restraint and shackles of various trades and industries, the domestic market, and the world market, and actively

diversify our operation instead of sticking to one only. We should organize production, restructure the industry, and adjust the product mix based on market demand; change the fixed idea of developing production without considering marketing; and let market demand decide what and how much enterprises should produce. It is an effective way for money-losing enterprises to put in little investment but give more output by converting scientific findings under the situation in which they cannot raise more funds. Therefore, in our operational strategy, we must pay full attention to scientific and technical forces and rely on scientific and technological progress to accelerate the updating and upgrading of products and to open the market. Economic competition is actually a competition of trained personnel. Enterprises must pay attention to discovering and training professionals during production and management and have courage to promote and employ all sorts of professionals who know technology and are good at management.

C. We should strengthen scientific management and comprehensively enhance the quality of enterprises. When talking about the reason for deficits, our enterprises often complain that the policies are restrictive. They try to find reasons for deficits in macro management and are unwilling to look for disparities in internal management. Actually, along with the improvements in the state macro economic environment and the gradual implementation of all preferential policies, the malpractices of ineffective enterprise management and of "using awards, contracts, and change of production line to replace management" have been thoroughly exposed. According to the analysis made by the state departments concerned, about one-third or even about 50 percent of the current enterprise deficits are generally caused by the operational and management reasons of enterprises themselves, and about 70 to 80 percent are caused by the numerous loopholes in management or the ineffective operation in some enterprises. We all know that scientific management and modern science and technology are the two major pillars of economic development of the present age. At present, all economically developed countries have built themselves up by relying on management, science, and technology. The successful experiences of certain advanced countries showed that "they reaped 30 percent of their achievements by relying on technology and 70 percent by relying on management." So, we must always consider management as an important part in enterprise development and persist in grasping it with unremitting efforts. To strengthen the internal management of enterprises, first of all, we must enhance the political quality and management ability of plant directors (managers)—the principal responsible persons of management. During this meeting, I propose efforts be made to print and distribute a report carried in RENMIN RIBAO on 14 June, entitled: "There is Great Potential in Management Efficiency" to the participants. This report introduces two typical cases of ending deficits. One is to readjust the leading body of a money-losing enterprise, and the other is to strengthen the internal management of an enterprise. Similar cases have

also generally existed in our province. Therefore, the provincial economic commission is urged to take the lead, work together with the offices responsible for ending deficits, the financial departments, and the auditing bureaus, and coordinate with all relevant prefectures and cities, on the basis of conscientiously auditing each and every major deficit-incurring enterprise, to resolutely reorganize and readjust the leading bodies who are incompetent in work, lacking in spirit, and unable to guide the broad masses of workers to end deficits. Among enterprises, we should continue to extensively conduct the campaign on "changing mechanisms, attending to management, improving internal skills, and increasing efficiency," comprehensively raise the quality of enterprises, relentlessly grasp the work of improving quality, reducing consumption, restricting production of goods that sell slowly or are overstocked, reducing excessive stockpiles, and strengthening financial restraints.

D. We should accelerate the pace of technological transformation of enterprises and strengthen the momentum for enterprise development. We should say affirmatively that the phenomena of outdated equipment and backward technology have existed at varying degrees in most money-losing enterprises. Therefore, if money-losing enterprises want to end deficits and increase profits, they must expand their strength in making investments in technical transformation and use the limited amount of funds for the introduction of new technology and development of new products. It is necessary to enhance our awareness in the development of new products, set the technical transformation orientation in line with market needs, and seek efficiency through the introduction of new technology and development of new products. Hereafter, we should make sure that money-losing enterprises are not allowed in principle to begin new projects of capital construction before they have turned their losses into profits. In order to support enterprises that hope to halt deficits, the provincial people's government will set up funds for halting deficits, which will be chiefly used for short-term loans to the provincial level money-losing enterprises and for the small-volume loans to the technical renovation projects with short process, fair investment, and quick results. Various prefectures and cities as well as counties that have conditions in this regard should also gradually set up their funds for this purpose. In line with their financial resources, enterprises themselves should also take a part from their limited funds for their technical renovations. Such snowballing usage in funds over many years will certainly result in obvious benefits.

3. We should enhance our confidence, strengthen our leadership, and make efforts to create an atmosphere of halting deficits and increasing profits throughout the province.

Halting deficits and increasing profits have a bearing on the whole situation in the economic work and tasks for this goal are very arduous. Difficulties encountered by the province in realizing the goal of halting deficits this

year are very large. Particularly in the course of changing the old systems into new ones, and under the situation in which enterprises are not totally able to enter markets, it is still imperative for governments at all levels to realistically enhance their leadership over the work of halting deficits.

Further emancipating minds, changing concepts, opening up to more ideas, and fostering confidence in halting deficits and increasing profits represent the premise of successfully conducting the work in this regard. Although we have constantly grasped the work of halting deficits and increasing profits over the past many years, the problems concerning enterprises' losses have not been totally dealt with until now. Under such a situation, it is easy for some leading comrades, departments, and even for some enterprises to lack full confidence in halting deficits. As for the issue of how to adopt a correct attitude toward the enterprises' losses and how to enhance the confidence in halting deficits and increasing profits, he contended that confidence should be based on conducting scientific analysis over the causes of enterprises' losses and the ways of dealing with the losses. We should note that the causes of enterprises' losses are complicated. Some of them have cropped up in enforcing the policies and systems. Enterprises whose losses are caused by such reasons will gradually be able to reduce or eliminate the causes along with readjusting and improving the policies and systems. We should also note that the reason why quite a large number of enterprises have suffered losses is the greater fetter formed by the concepts of the traditional planned economy, which can not suit the socialist market economic systems with a substantive change; as well as that another reason in this regard is the incomplete and ineffective leading bodies of enterprises, which have low levels of self management. Therefore, in order to realistically and effectively promote the work of halting deficits and increasing profits, it is imperative to further emancipate minds; to change concepts; and to open up to more ideas. As for those that have suffered losses because they didn't emancipate their minds, weren't definite in developing ideas, and weren't good at management, it is very possible for them to switch their losses to profits by reinforcing their leading bodies in line with the demands of the new socialist market economic systems; by enhancing their senses of markets and competition; and by strengthening their operation and management. Judging from the work practice, the fact in which some enterprises across the province have succeeded in switching their losses to profits and turning their decline into prosperity has proved the point in this regard. There are many examples in this regard. I can give several examples as follows: Strictly restricted by the planned economy, Qiqihar no. 1 heavy machinery plant, as a national treasure, suffered several ten million yuan losses at a time in the past few years. From 1992 when it began to take the road of development through collectivization, it solved in one stroke, the problems in the supply of raw materials, production capacity, and markets. It turned deficits into profits in 1993. Under a

situation in which it was virtually bankrupt, Mudanjiang television set production plant started to manufacture Kangjia color television sets in financial and technological cooperation with Shenzhen Kangjia electronics corporation from 15 February 1993. By the end of last year, this plant created 134.33 million yuan in sales income and 25.3 million yuan of profits and taxes. By the end of May 1994, this plant created 219.2 million yuan of output value and created 23 million yuan in profits and taxes, respectively increasing by 16 times. Due to the market slump in sales and with heavier "debt chains," from 1990, the Harbin measurement and cutting tool plant increased its production cost by a big margin so that its output value and economic results were reduced with each passing month. In 1992, it only created 33,000 yuan of profits. From 1993, it started to reform its internal managerial mechanism, designated small accounting units, and carried out the measures for linking work performances with economic results. Thus, its vitality has noticeably been enhanced and its output value and economic results has increased by a big margin. In 1993 alone, it realized 2.45 million yuan of profits, showing an increase of 74.5 times over 1992. There are many examples in halting deficits in the province. While I cannot illustrate each one here, it should be said that these enterprises' experiences in halting enterprises are the province's hopes and outlets for halting deficits. If all the money-losing enterprises in the province, just as the above ones, are able to suit the new socialist market economic system and pioneer ways for halting deficits suitable to themselves, the problems of losses will be solved to a great extent. Therefore, we must guard against both negative feelings and the fear of difficulties. The ideas and activities of losing confidence and accomplishing nothing are harmful but not beneficial.

It is necessary to strictly set up a system of leaders assuming responsibility for halting deficits. The system of halting deficits on a responsibility basis should be linked with enterprises' honor, cadres' duties, and the benefits of cadres and staff and workers. The money-losing enterprises that cannot halt or reduce deficits as scheduled must suspend all the titles of honor that they have gained and stop enjoying the treatment that those with honor can enjoy. Cadres' promotion, transfer, continuous employment, and removal should be arranged resolutely according to their achievements in halting deficits. As for the enterprises that fail to fulfill the deficit-halting tasks on schedule due to their poor performances, their plant directors (managers) should be demoted or removed on the spot and must not take on official jobs in other places. However, the enterprises that fail to fulfill the deficit-halting tasks due to policy reasons are exempt. Transfer of enterprises' leading cadres, the organizational departments should be conducted after auditing. We fail to strictly do the work in this regard. So, it is an important reason why there has been much said, but little done in regards to the deficit-halting work. Now, we must do a good job in this regard.

The enterprises that suffer losses due to poor management should change the connection of performances with economic results into that of wage bills with the targets of halting deficits; and increase or reduce, through assessment, wage bills according to the situation in halting deficits. The money-losing enterprises must not issue cash awards before the fulfillment of the deficit-halting tasks. Principal and responsible leaders of governments and pertinent departments at all levels must first assume responsibility for halting deficits and must personally take a hand in and go deep into money-losing enterprises to resolve problems in a realistic and specific manner. The general office of the provincial government should emphatically supervise and examine the situation on how principal and responsible leaders of various prefectures, cities, and pertinent departments are trying to halt deficits and then report the situation to higher levels in a timely manner.

We should fully mobilize the initiative of workers and staff members of enterprises as well as the masses through the effective measure of combining economic means with ideological and political work. Like other work, the work of halting deficits and increasing profits cannot yield results without the support and active participation of numerous workers and staff members. It can be reviewed that before the commencement of rural reform, more than one third of poverty-stricken communes and brigades in rural areas had problems in eating and clothing. Without sufficient food, it is impossible to mention income. Since the commencement of rural reform, peasants' initiative has been mobilized all at once. As a result, not only have their problems in eating and clothing been resolved, their demand and aspiration for becoming well-off has become strong. Thus, grain output has increased, animal husbandry has developed, township and town enterprises have also developed, and fundamental changes have taken place in production and livelihood. The decisive factor for these changes are precisely the enhanced initiative of peasants. It is the same for enterprises. The only way to achieve a solid result in halting deficits and increasing profits is to mobilize the initiative of numerous workers and staff members of enterprises and to make workers and staff members closely base their interests on the prosperity and efficiency of enterprises. How can we mobilize the initiative of numerous workers and staff members? On the one hand, we should depend on reform. That is, we should profoundly carry out reform of employment, personnel, and income distribution systems of enterprises, strengthen the management of all items of work within enterprises, establish the responsibility system, and link the total payroll of enterprises with economic performances of enterprises and with the goal of halting deficits. On the other hand, we should continue to strengthen ideological and political work to enable workers and staff members to clearly understand that the way out for enterprises lies in the individuals and individuals will have no future if enterprises fail to halt deficits. We should educate numerous workers and staff

members to enhance the sense of responsibility as masters so that they can become the main force in halting deficits and increasing profits and can concentrate their wisdom, intelligence, and energy on making money-losing enterprises full of vigor again.

All levels of governments, all comprehensive departments, and all departments in charge of enterprises should change work style and go deep into key trades and key enterprises to investigate and learn about all sorts of practical problems enterprises face in halting deficits and increasing profits. In particular, responsible leaders and comrades of the departments in charge of enterprises should go down to enterprises and schedule more time to discuss and explore ways to resolve problems together with cadres, workers, and staff members of enterprises. Then, they should formulate feasible measures for halting deficits and meticulously implement these measures. So long as the whole province makes concerted efforts to grasp the development of enterprises and to improve the economic efficiency of enterprises, the province will certainly achieve results in halting deficits and increasing profits, and the quality of the economy of the whole province will certainly be improved further.

#### **Heilongjiang Reclamation Farms Attract Foreign Investment**

*OW1707034094 Beijing XINHUA in English 0217  
GMT 17 Jul 94*

[Text] Harbin, July 17 (XINHUA)—The Heilongjiang reclamation farms, large and highly mechanized, have attracted 250 million U.S. dollars in investment and built a number of advanced facilities.

The investment and facilities come from a dozen countries like the United States, Japan, Canada, the Republic of Korea and the Commonwealth of Independent States.

The 104 Heilongjiang reclamation farms, which have two million ha [hectares] of arable land, are China's largest concentration of state farms reclaimed from wasteland. They represent one of China's key production bases for commodity grain, soybeans and processed foodstuffs.

Since the province established China's first modern farm with 13.5 million U.S. dollars in barter trade in the late 1970's, another 70 million U.S. dollars has been introduced from the World Bank for the construction of three new farms and reclamation of 200,000 ha of wasteland.

The advanced farm machinery introduced from the United States, Japan and Canada has resulted in a drastic improvement of production efficiency and an increase of one billion kg of grain. The farms also produce one fourth of China's soybean exports.

To upgrade the facilities in the processing of foodstuffs, the province has also introduced 50 million U.S. dollars in foreign investment for the construction of 22 soybean processing plants.

Meanwhile, two colleges and another 174 large and medium-sized grain-processing centers have been established at the reclamation farms by using donations from Canada and Australia.

#### **Jilin Provincial CPC Plenary Session Held**

*SK1907040694 Changchun JILIN RIBAO in Chinese  
30 Jun 94 p 1*

[Text] From 27 to 29 June, the third plenary session of the sixth Jilin Provincial CPC Committee was convened in Changchun. The members of the standing committee of the provincial party committee chaired the session, and the secretary of the provincial party committee He Zhukang, on behalf of the standing committee of the provincial party committee, made an important speech. Gao Yan, deputy secretary of the provincial party committee and governor, made an "illustration concerning the formulation of 'An Outline of the Overall Strategy (Draft) for Constructing a Developed Border Province Near the Sea.'" The session examined the "Outline of the Overall Strategy (Draft) for Constructing a Developed Border Province Near the Sea" and made a resolution on it.

Attending the session were 43 members of the provincial party committee and 9 alternate members. Comrades in charge who were from the province, cities, the autonomous prefectures, and concerned departments directly under the province, totalling 64, attended as nonvoting delegates.

Comrades attending the session held unanimously: The "Outline" carries forward the spirit of the 14th party congress, manifests the strategic decision of the sixth provincial party congress, embodies the strategy of constructing a developed border province near the sea, and reflects the common wish of the people of the whole province to speed up development. It is the programmatic document which will guide the modernization of the whole province for the period ahead. The whole province should conscientiously study, publicize, and carry forward the "Outline," grasp the current favorable opportunity; focus on the general task; concentrate efforts on economic work, and accomplish all the missions which will lead the economy to a new stage within three years; push Jilin's work of reform, development, and stability to a higher level; and lay the foundations for the target of realizing a moderately prosperous life three years ahead of schedule.

We should conscientiously achieve success in the implementation of the "Outline."

The session held: Now until the early years of the 21st century is a key period. Both opportunities and challenges exist on the road to forging ahead. The reason why we formulated the "Outline" was to grasp the opportunity and take a further step to unify people's actions in the whole province in accordance with the strategy which the sixth provincial party congress set forth. On the basis

of scientific planning, we should make the whole province's economy develop speedily, healthily, and continuously, and achieve the overall betterment of the whole society. Since the "Outline" has been approved in principle, it should be conscientiously implemented. After this plenary session, we should transmit the spirit of the session, study and publicize the "Outline" widely as well as profoundly; make people in the whole province understand the "Outline's" basic foundation, goal of development, overall planning, and crucial measures; and mobilize people in the whole province to devote themselves more actively to the grand trans-century construction. Party committees and governments at all levels should, with a high sense of historical responsibility and mission, take the "Outline" as a blueprint to lead the broad cadres and masses to carry forward the set objectives by working steadily and making solid progress.

We should correctly understand the current economic situation in the whole province.

The session pointed out: Since this year, the general situation has been getting better as the provincial party committee has resolutely put into effect the whole party and the whole state's basic guideline which was confirmed by the central authority and has correctly handled the relationship between reform, development, and stability. Reform has proceeded smoothly; opening up to the outside world expanded; economic development accelerated; all the undertakings continued to prosper; the will of the people reassured; and the society remained stable. These were the results of the efforts of party committees and governments at all levels to conscientiously put into effect the central authority's correct decision and carefully organize and lead the people in the whole province to work hard. These positive results were attained by resolving a host of contradictions and overcoming a lot of difficulties, and they were hard won. We should be good at observing, analyzing, and understanding the situation with scientific methods.

1. The mainstream and the trend of economic operation were healthy. Comparing the first five months of this year with the corresponding period of last year, the total output value of the whole province's industry increased 11.1 percent, the export volume of foreign trade 22.3 percent, and the tax revenue of industry and commerce, 9.6 percent. The economy maintained the tendency to develop continuously, speedily, and healthily. The vitality of state-owned large and medium-sized enterprises was especially improved, economic efficiency rose again, and there was an obvious favorable turn since April. Rural economy witnessed a good tendency of overall development.

2. Smooth headway was made in all kinds of reforms. In the first half of the year, there issued many crucial reform measures which had great impetus and were very difficult. Currently all of them have been steadily and properly put in place and the results are better than desired. Some state-owned enterprises stopped production totally, some operated under capacity, and some

incurred loss and thereby failed to pay out wages. It was not reform that brought about all this, instead, only through reform, can these problems be resolved. State-owned large and medium-sized enterprises have been the backbone of Jilin's economic growth and the main source of financial income, containing a tremendous reserve strength of development. Every measure of our province's deepening reform has been proper and headways have been healthy. This is the essence as well as the mainstream of the situation. With the deepening of reform, the situation will further develop towards a good aspect.

3. People's overall living standard was promoted. As total supply and total demand in the society remained balanced, the actual living standard of most of the residents was continuously promoted. Considering the rise of commodity prices, the per capita living expense of the whole province's urban residents in the January-May period increased 9.5 percent compared with the corresponding period of last year. Savings deposits of residents in urban and rural areas increased 6.19 billion yuan compared with the beginning of the year. The mission of issuing treasury bonds was also fundamentally realized.

The session pointed out: In any time and under any circumstances, we should uphold the principles that one divides into two and that everything has two aspects to judge the situation and tasks. We should correctly analyze the situation, objectively appraise the tasks, properly guide public opinion, and thereby transform the concerns of the broad cadres and masses for the situation into the motivation for forging ahead continuously with one heart and one mind.

We should focus on the general task and concentrate efforts on achieving success in economic work.

The session emphasized: The task of the second half of the year is to, by firmly focusing on the party and the state's overall working situation and following the arrangement of the provincial party committee at the beginning of this year, conscientiously and successfully put into effect the guidance of leading economy into a new stage within three years.

We should grasp and make use of the good opportunity. We have difficulties but favorable conditions also to accomplish all the missions of leading the economy to a new stage. For our province, we face a hard-won opportunity. The key is that we should fully bring into play our subjective activity, continue to fight with one mind and one heart, and carry out all kinds of work firmly, substantially, and carefully.

We should continue to deepen reform. We should stress on achieving success both in the enterprise reform and the reform on the financial tax and monetary systems; pay attention to the experiment with the modern enterprise system conscientiously; push forward the reforms of letting state-owned enterprises run by the people or by enterprises while keeping their state ownership

unchanged and selling the property rights of state-owned small-scale enterprises and achieve success in the pioneering work concerning these reforms; explore and establish actively a pattern of the social security system under which funds were paid together by the state, enterprises, and individuals; strengthen the construction on the markets for essential factors of production and the construction on the law and regulations for the markets; and pay attention to the reform on party and government's organizational structure and to the transformation of government functions.

We should put forth efforts to open up wider. We should continue to do a good job in the task of developing the border and opening to the sea, pay firm attention to thoroughfare construction, and accomplish the building of the Changchun-Siping Expressway. By attaining a better result in the work of drawing in investment, we should actively attract large enterprises and financial groups with an effort to lead the capital to be invested on infrastructural facility construction and the expansion as well as rebuilding of the old enterprises. We should concentrate our efforts on improving foreign export trade, and work hard to upgrade economic efficiency.

We should enthusiastically promote development. To promote development, we need to have an awareness of the market and attach great importance to exploiting markets. We should study and improve marketing strategy, and achieve success in marketing work. We should energetically develop rural and international markets. According to the changes in the demands of the markets, all the enterprises should pay great attention to adjusting product mix, develop new products, and stop producing overstocked products. We should go all out with unremitting efforts to develop private and individual economy and the "three types of foreign-funded enterprises." We should do a good job in the activity of "transforming mechanism, paying attention to administration, improving our skills, and promoting efficiency" and develop the activity of learning from "Jilin Chemical Fiber Plant" in a down-to-earth manner. We should conscientiously achieve success in technology transformation projects, ensure capital supply, speed up construction progress, and pay close attention to put these projects into operation and attain the capacity designed. We should strengthen field management, organize people to fight natural calamities and strive for a good harvest, guide peasants to vigorously develop diverse production, and accelerate the development of township enterprises. Both the tax collection and management as well as the financial work should be improved. Science and technology, education, and the task of family planning should be strengthened.

We should constantly achieve success in stability. Great importance should be attached to control inflation and check the rise of the prices of meat, poultry, and eggs and the rise of the prices of means for agricultural production. We should achieve success in arranging with unremitting efforts the basic lives of staff members and workers. We should conscientiously do a good job in the

comprehensive management of public security and achieve success in rectifying rural public security in a concentrated manner. We should take further steps to doing a good job in nationality work and upgrade nationality unity. We should strengthen the management of border areas and strictly strike relentless blows at unlawful activities such as smuggling and narcotics trafficking. The spread of the society's ugly phenomenon should be checked. Propaganda on reform, opening up, and economic development should be improved, and the ideological and political work which hit the point should be strengthened.

We should earnestly strengthen party building and leadership.

The session urged: To accomplish the missions for the next half of the year and to organize forces to implement the "Outline," we should conscientiously strengthen party building and leadership.

First, we should unify understanding and upgrade cooperation. The key to comprehensively realizing the target of leading the economy to a new stage in three years and building a prosperous border province near the sea is that the higher and lower levels of the whole province, especially the leading bodies at all levels, should unify understanding and unite as one. We should concentrate our energy to achieve success in tasks.

Second, we should uphold the principle of democratic centralism. We should conscientiously carry out "the decision concerning the improvement of democratic centralism of leading bodies," which resolves the problems both of insufficient democracy and insufficient centralization and truly upgrade the level of leadership.

Third, we should continue to strengthen party building. Leading cadres at all levels should take the initiative to deepen the study of the theory of building socialism with Chinese characteristics and study the knowledge of a socialist market economy and modern technology. We should take a further step to pay attention to improving leading bodies and grass-roots organizations. We should especially achieve success in the construction of the contingent of cadres and the assessment, cultivation, and selection of the leading cadres. And we should strengthen the education to the party members and integrate closely with the masses of the people.

Fourth, we should deeply develop the anticorruption struggle. Focusing firmly on the overall situation of the party and state work, we should deepen the whole province's struggle against corruption. According to the planning of the central authority, we should give prominence to investigating and handling economic crimes, especially major and appalling cases which violate law and discipline such as corruption, bribery, financial fraud, and smuggling. Continuously taking party and government leading organs, justice departments, law-enforcing administrative departments, and economic management departments as key points, we should lay emphasis on investigating and handling major and

appalling cases which violate the law and discipline, which are committed by leading cadres above the county (section) level. We should work hard and achieve success with unremitting efforts in leading cadre's honesty and self-discipline, self-investigation, and self-correction and the special administration task of rectifying the unhealthy trend.

Fifth, we should further change the style of work, improve the art of leadership, and firmly pay attention to the work of implementation. Leading cadres at all levels should go down more often to grass-roots units and reality to study and investigate in an effort to resolve problems. We should supervise and urge inspection and pay attention to implementation over and over again. We should be earnestly concerned about the masses' weals and woes, remove the masses' hardships and resolve their difficulties, listen to their opinions, pool their wisdom, and boost their initiative.

The session appealed: The whole province's party organizations at all levels and the broad party members and cadres should further emancipate the mind, inspire enthusiasm, fulfill duties with all their heart and all their might, continue to conscientiously achieve success in work in a down-to-earth manner, mobilize and guide the people in the whole province to unite as one, exert the utmost strength to keep forging ahead, accomplish comprehensively all the missions of this year, and push forward the grand undertaking of constructing a prosperous border province near the sea.

#### Liaoning Acquires Nation's 1st Video Teleconference Network

HK1707053294 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 17-23 Jul 94 p 5

[By Bian Ji: "Liaoning Awaits Telephone Meetings"]

[Text] Liaoning is set to become the first province with a teleconferencing network.

A Chinese agent from the French Joint Stock Company of Telecommunications helped install the Telsat Cameris conference TV network in the northeastern province.

The system, produced by the French Joint Stock Company, is the first teleconferencing network to use as many as 16 teleconferencing terminals and three Multiple Control Units.

The system, linking the provincial capital, Shenyang, with 14 departments above the district level, has made it easier to hold conferences of any size. The contract for the system was signed late last year. The installation was finished in only half a year.

The system provides very clear pictures and sound. It can also store pictures into its memory. And with the help of a printer, photos can be reproduced.

The Full Link Company, China's agent, said the system meets the standards of the Consultative Committee of International Telephone and Telegraph (CCITT). It is expected to push China's ability to transmit long-distance TV pictures onto a new stage.

#### Liaoning Reports on Industrial Economic Situation

SK1407074794 Shenyang LIAONING RIBAO in Chinese 26 Jun 94 p 2

[Text] At the eighth standing committee meeting of the eighth provincial people's congress, Cao Guixing, chairman of the provincial economic commission, was entrusted by the provincial government to give a report on the whole province's industrial production from January to April period of this year and on several tasks that we must grasp well at present.

Cao Guixing said: Since the beginning of this year, the broad masses of cadres and workers on the provincial industrial front have conscientiously implemented the principle of "seizing the opportunity, deepening reform, expanding opening up, promoting development, and maintaining stability," paid attention to combining rate with efficiency, overcome the difficulties of the shortage of funds, enhanced spirit, worked hard, and continued to maintain a good trend of sustained and fairly rapid increase in industrial production. Five major structural reform measures have been smoothly issued, no big fluctuations have been seen, and economic performance has been steadily developed in line with the orientation of the state's demands of macro regulation and control. At the end of April, the total industrial output value of the whole province was 99.666 billion yuan, up 31.2 percent over the same period last year, of which 34.78 billion yuan came from state-owned large and medium-sized enterprises, up 7.2 percent over the same period last year, and higher than the average growth rate of state-owned industrial enterprises across the province by 3.1 percent; the total industrial output value of the nonstate industrial sector was 61.47 billion yuan, up 56.6 percent over the same period last year. The "three types of foreign-funded enterprises" were rapidly developed and their production and management situations were fairly good. The light industrial sector ended the situation of increasing at a low rate during recent years, its development rate was higher than that of heavy industry, and the increase was always higher than the province's average level of increase. Foreign export trade and domestic trade showed a definite increase, and the actual use of foreign capital increased. From January to April, the foreign export trade reached \$1.79 billion and the volume of foreign exchange utilization came to \$310 billion, up 3.4 percent over the same period last year. The local financial revenues of the whole province from January to April amounted to 3.21 billion, up 17.4 percent over the same period last year if calculated in terms of comparable standards; the tight financial situation was tending to become stable, and the various sorts of savings deposits of the banking organs across the

province from January to April totalled 174.12 billion yuan, an increase of 6.09 billion yuan over the same period last year.

In referring to the major problems currently existing in industrial production, Cao Guixing said: The overall trend of our province's industrial economic performance is fairly good. During the recent two years, some contradictions and problems cropping up in the course of rapidly increasing the economy have been alleviated at varying degrees. Some long existing problems have not been completely resolved, and have still seriously restricted the province's economic development. Presently, there are chiefly two prominent problems: First, the state-owned industrial enterprises have suffered a decline in efficiency and an increase in deficits. Owing to various reasons, enterprises running at half capacity or brought to a standstill have increased in number. Second, the circulation funds of industrial enterprises are extremely tight.

Cao Guixing said: In order to enhance spirit, overcome difficulties, and rapidly push our province's industrial economy forward, we should pay attention to the following few tasks at present:

First, we should try by all possible means to alleviate the contradictions of the shortage of funds. Conscientious efforts should be made to implement the guidelines of the "circular on supporting state-owned industrial enterprises to take loans as working funds" and the "emergency circular on granting loans for state-owned enterprises as circulation funds" issued by the state's relevant departments, raise funds through various channels, and strive to solve more funding problems of enterprises.

Second, we should attend to ending deficits and increasing profits, strengthen enterprise management, and try by all possible means to raise economic returns. It is necessary to strengthen leadership over the work of ending deficits, establish the system of making leaders take charge of the work of ending deficits and increasing

profits at the higher and the lower levels, urge leaders to take responsibility over major deficit-incurring units, actively promote reform of the enterprise property right system and management forms, and accelerate the change of operational mechanism of enterprises running in the red.

Third, we should expand the structural readjustment strength and accelerate the pace of technical transformation. 1) Through various ways, we should guarantee that the funds for this year's projects are in place as planned; 2) we should expand our strength in inviting business and introducing foreign funds and strive to absorb more foreign capital; 3) we should concentrate energy on grasping the implementation of 50 leading products to be developed in the province on a priority basis; 4) we should put the completed projects into production and make them attain the production and required standards, and enable them to show efficiency as quickly as possible; 5) we should attend to the work of readjusting the existing products of enterprises to make them meet market demands.

Fourth, we should consider improving the property right relations as the nucleus, make breakthroughs in key areas, and deepen enterprise reform. In line with the "10,000-1,000-100-10" plan [Wan Qian Bai Shi Ji Hua 8001 0578 4102 0577 6060 0439] proposed by the state, the whole province should grasp the "858" project on a priority basis, which means that we will continue to promote five asset management forms among state-owned large and medium-sized enterprises and actively promote reform of the property right system among state-owned small enterprises and the experimental work of urging ineffective enterprises to declare bankruptcy and conducting comprehensive supporting reform in accordance with the "eight character" principle proposed by the provincial government.

Fifth, we should change functions, render good service, and strengthen leadership over the work of successfully running state-owned large and medium-sized enterprises.

**President Li Discusses Ties With South Africa**

*OW1907083694 Taipei CNA in English 0734 GMT  
19 Jul 94*

[Text] Taipei, July 19 (CNA)—President Li Teng-hui has great confidence in the diplomatic ties between the Republic of China and South Africa, Legislator Parris Chang of the opposition Democratic Progressive Party (DPP) said Tuesday.

Chang made the statement at a news conference following a two-hour meeting with the president. Three other DPP lawmakers were also present at the meeting.

The four DPP legislators will be part of a DPP delegation to South Africa to be led by party Chairman Shih Ming-teh. The delegation will leave Taipei Wednesday and spend 10 days in the African nation.

During the meeting, Chang told the president he has heard rumors that South Africa will establish diplomatic ties with Beijing before the end of the year.

Li pointed out that he visited Pretoria in May to attend the inauguration of President Nelson Mandela, who said that he invited Li to visit South Africa in hopes of maintaining diplomatic relations with the Republic of China.

President Li was confident about a continued diplomatic relationship between the two countries, Chang said.

Chang said when they asked the president if they can request the Mandela government to support Taiwan's bid to join the United Nations, Li replied that South Africa's strength might be limited as its own UN membership has just been restored.

Li said that he has instructed Vincent Siew, chairman of the Council for Economic Planning and Development, to do his best to promote economic exchanges with South Africa. Siew is scheduled to lead a trade delegation to that country in late August.

The president also expressed his hope that the DPP legislative delegation invite more South African governors and officials to visit Taiwan in a bid to strengthen bilateral friendship, Chang said.

**President, Foreign Minister Greet Burkinafabe President**

*OW1807143894 Taipei CNA in English 1353 GMT  
18 Jul 94*

[By Bear Li]

[Text] Taipei, July 18 (CNA)—President Blaise Compaore of Burkina Faso arrived here Monday [18 July] afternoon for a five-day state visit.

Accompanied by his wife and an entourage of over 20, President Compaore was greeted at Chiang Kai-shek

International Airport by Foreign Affairs Minister Chien Fu and later by President Li Teng-hui at Sungshan airport.

Diplomatic relations between Taiwan and Burkina Faso, which had been suspended for 20 years since the Western African nation shifted its recognition to Beijing in 1973, were re-established in February this year.

President Compaore is the second head of state from Africa to visit Taiwan this year. Niger President Mahamane Ousmane was here in June.

President Li said he would exchange views with Compaore on the international situation and other issues of mutual concern.

Compaore, 41, said that he is here to "establish closer relations and lay a solid foundation of cooperation" between his country and Taiwan.

Taipei City Government Secretary-General Wu Yigahsiung, on behalf of Taipei Mayor Huang Ta-chou, presented Compaore the key to Taipei.

President Li on Tuesday will confer the Order of Brilliant Jade on Compaore in recognition of his contribution to the development of relations between the two nations.

Before his departure on Friday, Compaore will also call at the Ministry of Economic Affairs and the Council of Agriculture.

Accompanying President Compaore on his trip are Burkina Faso's Economics, Finance and Planning Minister Zephirin Diabre, and and Foreign Affairs and International Cooperation Minister [words indistinct] other ranking officials.

**Minister of Transportation To Arrive in Britain 19 Jul**

*OW1907092794 Taipei CNA in English 0735 GMT  
19 Jul 94*

[By Chen Jen-jey and Danielle Yang]

[Text] London, July 18 (CNA)—Minister of Transportation and Communications Liu Chao-shiuan is scheduled to arrive in the United Kingdom Tuesday [19 July] afternoon, marking the first such visit by a Republic of China cabinet minister in recent years.

At the invitation of Britain's Transportation Department, Liu will visit ranking government officials and local entrepreneurs to discuss metropolitan underground railway network and airport operation and management.

During his week-long stay here, Liu will also visit the department of Trade and Industry and Department of Transport as well as visit the British Aviation Authority, the Taipei representative office in the UK said.

Liu is expected to exchange views with British officials on the privatization of Taiwan's telecommunications and railway systems.

Currently, Taipei's EVA Air and the state-run Yangming Marine Transport Corp. operate regular flights and container shipping to Britain.

### Imports of Japanese Alcohol, Cigarettes To Be Discussed

*OW1907093394 Taipei CNA in English 0736 GMT  
19 Jul 94*

[Text] Taipei, July 19 (CNA)—Taiwan will allow the import of Japanese alcohol and tobacco if the coming Taiwan-Japan tariff talks under the General Agreement on Tariffs and Trade (GATT) framework go smoothly, Director-General Huang Yen-chao of the board of foreign trade said Tuesday.

Huang made the remark before leaving for Japan for the July 20-21 negotiations in Tokyo to pave the way for Taiwan's GATT entry, expected sometime before the end of the year.

Huang said Taiwan allows tobacco imports from 23 foreign countries and alcohol imports from more than 120 countries. Japan is one of the countries from which such imports are banned.

But, Huang said, those restrictions are expected to be lifted soon, with Japanese tobacco and alcohol imports allowed not later than the end of the year.

Taiwan's market-opening measure is helpful to gain Japanese support for the GATT bid, Huang said. But he warned that Japanese wine and cigarettes later can enter Taiwan's market with more competitive prices, thus eating into the market share of locally produced products. [passage indistinct] ...government procurement agreement allowing foreign suppliers, including those

from Japan, to bid for government procurement contracts worth over US\$600,000.

However, Taiwan will still not allow the free import of automobiles, fruits and other agricultural goods from Japan to avoid impact on domestic farmers, he said.

Meanwhile, Industrial Development Bureau Director-General Yin Chi-ming, after accompanying Huang to the Tokyo talks, will proceed to Geneva Friday to attend the Sixth Working Party Meeting on Taiwan's GATT Bid, which opens July 25.

Yin will join Vice Economic Affairs Minister Sheu Ke-sheng in Geneva. Sheu is currently in Washington for bilateral tariff consultations with the United States on Taiwan's GATT entry.

They are scheduled to return to Taipei on July 30.

### Bodies Found Off Taiwan Possibly From Mainland

*OW1907103494 Taipei Voice of Free China in English  
0200 GMT 19 Jul 94*

[Text] Following the discovery of more corpses in north-eastern waters, the problem of sea hotels has aroused concern from local officials, as well as from across the Taiwan Straits. As of Sunday, eleven corpses had been discovered near Suao Harbor since the boat served to house seamen from Mainland China got stranded when a strong typhoon swept across Taiwan last Sunday. The identity of these dead bodies has not been established yet, but local people believe they are the bodies of some mainland Chinese seamen drowned in typhoon havoc. Deputy Secretary General Li Ching-ping of the Straits Exchange Foundation said his foundation will inform the Association for Relations Across the Taiwan Straits—its counterpart in Beijing—if the dead are identified as mainlanders.

An earlier official report said all of the 86 mainland seamen on the stranded boat were rescued without any death toll.

## Hong Kong

### XINHUA Official Attacks UK's 'Wishful Thinking'

*HK1807125094 Hong Kong WEN WEI PO in Chinese  
18 Jul 94 p A11*

[Report: "Zhang Junsheng Points Out That Goodlad Was Not Scheduled To Meet Lu Ping in Beijing and Britain's Wishful Thinking Misled General Public"]

[Text] In reference to Britain's claim that Lu Ping canceled a meeting with Goodlad, British foreign minister with special responsibility for Hong Kong, at the last minute, Zhang Junsheng, deputy director of XINHUA News Agency Hong Kong Branch, explained that the original itinerary did not schedule a meeting between Director Lu Ping Mr Goodlad, and he advised the British to stop producing things that were products of their wishful thinking. Zhang Junsheng also said: Goodlad had promised to leave the problem of Hong Kong alone. Now, Lu Ping is director of the Hong Kong and Macao Affairs Office. What would he have talked about if Goodlad had met Lu Ping? But Zhang said that negotiations on Joint Liaison Group [JLG] matters, such as the new airport and Container Terminal 9, would not be affected. Meetings would be convened as scheduled with the same agenda for discussion.

Yesterday evening, Zhang Junsheng attended a charity gala for the South China Disaster Relief Fund at the Ocean City Restaurant in Tsimshatsui, where he was asked why a meeting had not been arranged between Lu Ping and Goodlad. Zhang said: The original itinerary did not schedule a meeting between Director Lu Ping and Goodlad. It is not good that Britain always tries to mislead the media and the general public with its wishful thinking. You can tell by looking at the itinerary that no such meeting was scheduled. So do not produce things that are products of your wishful thinking. Britain behaves like this on many other issues. It was Britain which undermined the talks on the political structure, Sino-British negotiations broke down at the 17th round, and the three-tier councils in Hong Kong will be reconstituted in 1997—these are all plain facts. But British officials keep saying that they do not believe that this is the case. The original itinerary for Goodlad's visit to Beijing did not include a meeting with Lu Ping. But Goodlad kept at it, and when he could not meet with Lu Ping yesterday, he then talked about Lu Ping canceling a meeting at short notice. Zhang Junsheng said that this was one thing Mr. Goodlad had said in that he hoped to have a meeting with Lu Ping, but the truth is that there was no such meeting in the original schedule.

A reporter asked: Will the agenda for the Sino-British JLG, including the new airport and Terminal Container 9, be affected?

Zhang Junsheng replied: "I do not think there is any impact. Meetings that were supposed to go ahead did go ahead, and issues that were supposed to be discussed

were discussed. Did not Vice Premier Qian Qichen get to see Goodlad after all? Issues that should be discussed have been discussed."

### New State Security Laws Not To Affect Press After 1997

*HK1907085994 Hong Kong EASTERN EXPRESS in English 19 Jul 94 p 2*

[By Rain Ren]

[Text] China's revised state security laws, including tougher controls on press freedom, will not be extended to Hong Kong after the 1997 handover, a local senior Chinese official said yesterday. Hong Kong journalists working in China would be expected to conform to the new measures which include a prohibition on "distorting articles" deemed to pose a threat to national security.

In an attempt to alleviate fears that freedom of speech would be curbed in the territory under Chinese rule, Zhang Junsheng, the director of the local office of the New China News Agency (Xinhua), said yesterday the post-1997 administration would draft its own laws concerning official secrets. According to Article 23 of the Basic Law, the Special Administrative Region shall enact laws "on its own" to prohibit any act of theft of "state secrets".

The new measures by China to control its press caused further unease among Hong Kong journalists—not helped by the fact that they were presented by the Premier, Li Peng, on the fifth anniversary of the Tiananmen Square massacre—timing seen as a deliberate challenge to criticism on China's human rights. The measures were not announced until last Tuesday by Xinhua.

When questioned on the ramifications for Hong Kong journalists, Zhang said: "The ordinance and its detailed regulations are for China's 1.2 billion people, not aimed at Hong Kong press. "But local journalists will have to be bound by these regulations once they are on the mainland, so will journalists from other countries."

The 28-article regulations indicate what will constitute the so-called destructive activities that may "harm state security". They include publication or expression of any "distorting articles" and "opinion" which may pose a threat to "national security". The new set of regulations gives the State Security Bureau the exclusive power to identify any "harmful" organisations, persons, activities and equipment. State security organs would be empowered to bar "subversive" elements from entering the country, as well as to seize telecommunications facilities deemed to pose a threat to state security. Foreign institutions, organisations and people in China would be considered hostile if they financed, colluded with, or engaged in, "subversive" activities.

The Hong Kong Journalists Association said the rules stopped short of defining what kinds of organisations or activities would be considered "harmful to national security".

### Macao

#### Government Signs Civil Aviation Agreement With Brazil

HK1807035394 Hong Kong EASTERN EXPRESS in English 18 Jul 94 p 6

[By Harald Bruning in Macao]

[Text] Macao has signed its first civil aviation agreement with Brazil, paving the way for direct flights when the enclave's airport opens next year.

The Macao government is working on more than 20 agreements with other countries in an attempt to launch its civil aviation industry as soon as possible. There are plans to set up an administrative frame for the enclave's future airline, Air Macao, before the end of the year.

An air services agreement with the United States could be delayed by U.S. fears that air rights granted to Macao would be used by China as a backdoor to the American travel market. Talks with US negotiators are due to reopen later this year but sources in Macao said Washington was known to be wary of China's role. It is widely believed that the mainland flag carrier, CAAC, will take a majority stake in Macao's future airline. U.S. negotiators believe that Air Macao would be a "crypto-Chinese" airline that was after landing rights in the U.S. "through the backdoor", sources said.

Macao civil aviation officials have dismissed Washington's doubts over the Air Macao shareholding structure as "groundless". "Macao will be an autonomous Special Administrative Region after 1999, and its aviation matters will also enjoy a high degree of autonomy," an official source close to the Macao airport project said.

The air service accord with Brazil was signed last Friday at the Praia Grande Palace by the Brazilian Aeronautics Minister, Lelio Viana Lobo, and Macao's Governor, General Vasco Rocha Vieira. Vieira said the agreement would remain valid beyond 1999, when Macao returns to Chinese sovereignty. The Brazilian minister said the agreement would contribute to closer economic links between his country and Macao. The Macao-Brazil accord was formally approved by the Sino-Portuguese Joint Liaison Group earlier this month. Brazilian aviation authorities have not yet decided which of the country's two airlines, Varig or Vasp, will fly to Macao, although Varig already operates a weekly service to Hong Kong. Because Macao is a Chinese territory under Portuguese administration, civil aviation matters require Beijing's consent and Macao airspace is under Chinese sovereignty.

Jorge Guimaraes, the president of the Macao Civil Aviation Authority, said he was pleased that Macao's first air service agreement was signed with a Portuguese-speaking nation. Sources said air service or transport agreements were being negotiated with Austria, Luxembourg, the Netherlands, Belgium, New Zealand, Finland, Germany, South Africa, Switzerland, Sweden, Norway, Denmark, and several Southeast Asian countries.

Although CAAC will have a 51 per cent stake in Air Macao's \$400m equity, Portugal's national airline, TAP, will take a 25 per cent shareholding in conjunction with two Portuguese banks, Banco Nacional Ultramarino and Banco Comercial de Macao. The Macao government will have a 4 per cent stake and the remaining 20 per cent will be shared by a number of interests from Macao and Portugal, among them the casino mogul Stanley Ho, a banker, Edmundo Ho, Ng Fok, a builder, and the Macao Insurance Company (Companhia de Seguros de Macao). [sentence as published]

#### Bank of China To Issue Bank Notes in 1995

OW1607154994 Beijing XINHUA in English 1520 GMT 16 Jul 94

[Text] Macao, July 16 (XINHUA)—The Bank of China will participate in issuing bank notes in Macao beginning October 16, 1995.

This was revealed by Guo Jiading, chief representative of the Chinese side of the Sino-Portuguese Joint Liaison Group, here today.

Guo made the announcement after returning from Lisbon for the 20th meeting of the Sino-Portuguese Joint Liaison Group held July 5-July 9.

Guo said that the biggest achievement of the meeting was that the two sides had struck an agreement on China's issuing bank notes in Macao, and the two sides signed a summary of their talks.

He also said that the two sides had agreed as to the proportion of the issue by the Chinese side.

The Bank of China is now making preparations for the issue, Guo said.

#### Jan-May Merchandise Trade Deficit Falls 2.7 Percent

HK1507062694 Hong Kong EASTERN EXPRESS in English 15 Jul 94 p 1

[Text] Macao posted a merchandise trade deficit of \$1.5bn during the first five months of this year, down by 2.7 percent from the deficit over the same period last year, the Macao Statistics and Census Department announced yesterday.

The free-on-board export value between January and May grew year-on-year by 4.8 percent to \$5.1bn while the cost-insurance-freight import value increased by 3 percent to \$6.6bn. Textile, garment and knitwear

exports, which took up 67.3 percent of the total export value, decreased by 0.2 percent during the first five months of this year compared with the same period last year.

Non-textile exports, including toys, grew by 17.4 percent. Toys are the enclave's number-two export item.

Macao's exports to the European Union, including Portugal, grew by 7.3 percent, taking up 30.9 percent of the total export value.

The United States remained Macao's number-two market, with a 29.9 per cent share of the total export value.

Macao exports to the Asia-Pacific region increased by 7.9 percent, taking up 35.1 percent of Macao's total export value. Macao's trade with Portugal continued to decline in spite of Lisbon's privileged position as the enclave's administering power.

Imports from Portugal between January and May went down by 23.2 percent to just \$47.3m, or 0.72 percent of the enclave's total import value.

Macao's exports to Portugal decreased by a massive 65.1 percent to \$11.9m, corresponding to a trifling 0.24 percent of the territory's total export value.

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